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No. _____

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

NORDEN RESTAURANT CORPORATION,

Petitioner,

-against-

SONS OF THE REVOLUTION IN THE STATE OF NEW YORK, INC.,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS OF THE STATE OF NEW YORK

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QUESTION PRESENTED

Whether the order of the Court of Appeals of the State of New York deprived Petitioner of its valuable property rights in the service mark "FRAUNCES TAVERN" for Restaurant purposes without due process of law by departing from the applicable Federal and State statutory and common law requiring a plenary trial on the merits to resolve the material issues of fact developed by the conflicting affidavits and extrinsic evidence which would preclude summary judgment as a matter of law.

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IN THE SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1980

NO.

NORDEN RESTAURANT CORPORATION,

Petitioner

-v-

SONS OF THE REVOLUTION IN THE STATE OF NEW YORK, INC.,

Respondent

PETITION FOR A WRIT OF CERTIORARI
TO THE
COURT OF APPEALS
OF THE STATE OF NEW YORK

Norden Restaurant Corporation petitions for a Writ of Certiorari to review the Judgment of the Court of Appeals of the State of New York which granted summary judgment to the Respondent.

OPINIONS BELOW

The opinion of the Court of Appeals of the State of New York (Appendix A, Infra., pp. 1a - 6a) was reported at 51 NY 2d 518. The opinion of the Supreme Court, Appellate Division, First Department (Appendix B, Infra., pp. 7a - 31a) is reported at 73 AD 2d 213. The opinion of Supreme Court, New York County, Special Term, Part I, (Appendix C, Infra., pp. 32a - 36a) is not reported officially. The opinion of the Court of Appeals of the State of New York extending the time within which to move for reargument, and thereafter denying reargument (Appendix D Infra., pp. 37a - 38a) has not yet been officially reported. The opinion of the Supreme Court, Appellate Division, First Department granting leave to appeal to the Court of Appeals (Appendix E, Infra., pp. 39a - 40a is reported at 75 AD 764.

JURISDICTION

The judgment of the Court of Appeals of the State of New York extending the time within which to move for reargument, and thereafter denying reargument, (Appendix D, Infra. p. 37a) was entered on the 24th day of February, 1981. The jurisdiction of this Court is invoked under 28 U.S.C. §1257(3).

STATUTES AND RULES INVOLVED

1. CPLR §3212(b) which provides:

"(b) Supporting Proof; Grounds; Relief to Either Party. A motion for summary judgment shall be supported by affidavit, by a copy of the pleadings and by other available proof, such as depositions and written admissions. The affidavit shall be by a person having knowledge of the facts; it shall recite all the material facts; and it shall show that there is no defense to the cause of action or that the cause of action or defense has no merit. The motion shall be granted if, upon all the papers and proof submitted, the cause of action or defense shall be established sufficiently to warrant the court as a matter of law in directing judgment in favor of any party. Except as provided in subdivision (c) of this rule the motion shall be denied if any party shall show facts sufficient to require a trial of any issue of fact. If it shall appear that any party other than the moving party is entitled to a summary judgment, the court may grant such judgment without the necessity of a cross-motion."

2. General Business Law §360(a)(a-i)

(a-iii) provides in pertinent part:

"...(a) The term 'trade mark' means any word, name, symbol or device or any combination thereof, adopted and used by a person to identify goods made or sold by him an to distinguish them from the goods made or sold of others.

"(a-i) The term 'service mark' means anything used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others and includes without limitation words, names, symbols, titles, designations, slogans, character names, and distinctive features of radio and other advertising used in commerce. ...

"(a-iii) The term 'trade name' means any name, title, or designation, or device lawfully adopted and used by any person engaged in any business, trade, occupation or vocation to identify such business, trade, occupation or vocation and distinguish it from the business, trad , occupation or vocation of others whether or not registered, filed or recorded under any law of the State of New York, or of any other State, or the United States of America. ..."

3. 15 U.S.C. §1127 provides in pertinent part:

> "The term 'trademark' includes any word, name, symbol or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods and distinguish them from those manufactured and sold by others.
>
> "The term 'service mark' means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from service of others.
>
> "The terms 'trade name' and 'commerical name' include individual names and surnames, firm names and trade names used by manufacturers, industrialists, merchants, agriculturists, and others to identify their business, vocations or occupations; the names or titles lawfully adopted and used by persons, firms, associations, corporations, companies, unions, and any manufacturing industrial, commercial, agricultural or other organization engaged in trade or commerce and capable of being sued or being sued in a court of law."

4. New York State Constitution, Article 1, §2 provides in pertinent part:

> "Trial by jury in all cases in which it has heretofore been guaranteed by constitutional provision shall remain inviolate forever; ..."

5. New York State Constitution, Article 6 §3 provides in pertinent part:

> "The jurisdiction of the court of appeals shall be limited to the review of questions of law except where the judgment is of death, or where the appellate division, on reversing or modifying a final or interlocutory judgment in an action or a final or interlocutory order in a special proceeding, finds new facts and a final judgment or a final order pursuant thereto is entered; but the right to appeal shall not depend upon the amount involved."

6. United States Constitution, Amendment 14, §1 provides in pertinent part:

> "All persons born or naturalized in the United States and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall

abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law; nor deny to any person within its jurisdiction the equal protection of the laws."

STATEMENT

A. Historical Background

The legal question before the Court on this petition involves a complex of buildings of historical significance and it is this historical significance which underlies and makes more egregious the erroneous conclusiom reached by the Court of Appeals of the State of New York. The five building complex owned by the respondent, Sons of the Revolution in the State of New York ("Sons") houses a restaurant establishment owned and operated by the petitioner, Norden Restaurant Corporation ("Norden"), as well as an historical museum owned and operated

by the Sons. The Sons rent out other portions of the complex to other commercial tenants. The corner building (at Broad and Pearl) pre-dates before Revolutionary War times and was the site of George Washington's farewell speech to his troops on November 24, 1783. This building, within the complex was part of the land of Col. Stephen VanCortlandt, and stands on what was originally the old shore line before filling extended the City two blocks into the harbor. It was constructed in 1719 as the private residence of Stephen DeLancey, his son-in-law, one of the Huguenot noblemen who became prominent merchants of the early town. About 1755 it became the private residence of Col. Joseph Robinson, a partner of Oliver DeLancey, and later became the store and warehouse of the firm DeLancey, Robinson & Co.

In 1759 James Parker purchased the premises, and used it as a general store before it was purchased in 1762 by Samuel Fraunces, who used the building as the site of his "Queens Head" or "Queen Charlotte" Tavern. It soon became one of the most popular taverns in the town. On April 8, 1768 the Chamber of Commerce was organized in the long room and the Sons of Liberty and the Vigilance Committee held a meeting in the Tavern in 1774. The tavern was also the site of the organization of the Committee of Correspondence which had so much to do with the formation of the Continental Congress. In 1783 Governor George Clinton gave a dinner at the tavern in celebration of Evacuation Day, which was attended by George Washington and Chevalier de la Luzerne. However, the events for which the Inn is most famous is Washington's

farewell address to his troops in 1783.

In 1785 the tavern was sold by Fraunces, and was eventually leased by John Gardiner, father of Col. Asa Bird Gardiner, former District Attorney, in 1837. The New York Yacht Club was organized there in 1844. The historic building was substantially destroyed by a disastrous fire in 1832, and again was partly destroyed by fire in 1852. Between the two fires it was reconstructed, but fell upon hard times, and was used as a saloon called "The Broad Street House", patronized mostly by teamsters and longshoremen. [Bank of Manhattan Historic Buildings (1914), (R-186, 192-194, 197)]

NOTE: Unless otherwise identified, references preceded by the letter "R" refer to the Record on Appeal before the Court of Appeals, State of New York.

Between May 12, 1768 and September 20, 1770, the tavern was kept by Bolton and

Sigel, and was known variously as "The Queens Head Hotel" and "Bolton and Sigel's". Samuel Fraunces regained control of the Inn on September 20, 1770, and it remained his until it was sold by him in 1785. (Memorial History of the City of New York, Wilson, iv. 233.)

An examination of various historical treatises, including "Iconography of Manhattan Island" by I. N. Phelps Stokes, Vol. 6, pp. 63 (1928) reveals that the building was leased by Congress for two years in April of 1785, just before it was sold by Fraunces to one G. Powers on April 23rd of that year. A John Francis moved into the Tavern on May 27, 1789, and then it was sold, successively, to a Dr. Romayne, a J. Moore, and then to Thomas Gardiner in 1795. A tavern was kept there by one David Rose in 1804, while one R. Kempp was the proprietor in 1813.

The Stokes volume (supra.) reveals that Samuel Fraunces rented a location at 16 Nassau Street on May 8, 1788, which had been until then occupied by one William Marrener, and conducted a business there under the management of his wife, known as "Fraunces Tavern". Thereafter, Mr. and Mrs. Fraunces moved the location of their establishment to 48 Cortlandt Street, and the name was changed to "Fraunces Tavern" from "Rawson's Tavern".

While Samuel Fraunces conducted a tavern at the corner of Broad and Pearl Street, it does not appear to have been conducted under the name"Fraunces Tavern". However, business under that name was conducted by Fraunces and his wife, first at 16 Nassau and then at 48 Cortlandt Street. It is conceded that by the time the Sons acquired title to the building at the corner of Broad and Pearl Street,

between 1904 and 1907, whether by bequest and/or deed, the edifice was commonly known as "Fraunces Tavern". (R-169-172, 186-193). Subsequently the Sons acquired adjoining and abutting buildings so as to complete the five building complex which now houses, among others, both the museum run by the Sons and the restaurant run by Norden.

Thirty years after completion and restoration of the complex, Robert Norden, Sr., the father of the present owner of the corporate petitioner, took over the ownership and operation of the restaurant facility, previously run by others, and since that time "FRAUNCES TAVERN" and "FRAUNCES TAVERN for Restaurant Services" have been continually used in open and notorious interchangeable fashion by Norden and its individual predecessor, Robert Norden, Sr. (R-227). As proprie-

tors Norden and the petitioner employed numerous items in the day to day operation of the restaurant facility, all of which bore the mark "FRAUNCES TAVERN", as opposed to "FRAUNCES TAVERN RESTAURANT", and used same in an open and notorious fashion (R-228-229).

B. Ownership of the Service Mark

While the record contains references to a restaurant business being conducted in portions of the complex prior to 1937, the record contains no references as to the name of the restaurant facility located therein with the exception of it being a restaurant located at FRAUNCES TAVERN. The record merely contains self serving statements that the Sons exercised control over the prior restaurant operations but there are no lease provisions to corroborate the same nor do the affiants have personal knowledge. In addi-

tion, there is no evidence contained in the record as to the Sons' actual participation in the restaurant business of Norden, or any predecessor prior to 1937 (R256-259). The record, however, contains numerous references to the activities of the Sons directed toward the preservation of the historic building and the operation of the museum. Norden has never disputed the museum activities or the ownership of the building complex by the Sons.

In December of 1977, the present lease between the parties was executed as of January 1, 1977 (R66-115). This agreement contains no provision, reference or claim by the Sons to ownership of the service mark "FRAUNCES TAVERN for Restaurant Purposes"; no provision by which the lease agreement is described to be a licensing agreement naming Norden as

licensee to use the service mark"FRAUNCES TAVERN For Restaurant Purposes"; and there are no provisions providing for a reversion to the Sons of the right to use or own the name or the service mark "FRAUNCES TAVERN for Restaurant Purposes".

The Court of Appeals mistakenly relied upon two clauses in the lease to support its erroneous finding that the Sons own the service mark "FRAUNCES TAVERN For Restaurant Purposes". They are ¶3.04, erroneously cited by the Court's decision as ¶3.05 of the lease which states:

> "The business conducted by tenant in the premises is only to be conducted under the name 'FRAUNCES TAVERN RESTAURANT" or such other name as landlord shall from time to time approve in writing pursuant to the request of tenant."

and ¶40.01, which provides:

> "The right to use the name 'FRAUNCES TAVERN RESTAURANT' in connection with tenant's business shall be

> limited to the restaurant business conducted in the premises and to no other businss or location, and such right shall terminate upon expiration or earlier termination of this lease."

Compare with the very similar almost identical provisions in the lease between the parties in existence at the time Norden obtained the registration of the service mark (Appendix F Infra., pp. 41a-45a) before the execution of the present lease.

These two lease clauses clearly show that Norden, not the Sons, is the owner of the service mark "FRAUNCES TAVERN For Restaurant Purposes". If the Sons claimed ownership thereof such ownership would have been stated, and a specific license to use the name granted to Norden. Instead, the Sons directly acknowledged Norden's ownership of the name by continuing the restriction of its use to the operation of a restaurant at the museum

premises. It is quite obvious that the Sons operating a museum known as FRAUNCES TAVERN MUSEUM in the same building with the restaurant, would not wish to lease the premises to a restaurant operator, who had historically operated a restaurant at the premises, without getting an agreement in writing to use Fraunces Tavern Restaurant as the name under which the restaurant would continue to be operated. Surely the Sons would not want Norden to call the restaurant "Norden's Tavern." Furthermore, it was only good business sense on the part of the Sons to make sure that Norden would not operate other restaurants at other locations, using the name FRAUNCES TAVERN. While restaurant chains have proliferated, the Sons sought to protect its museum. This was done by its economic power as landlord to restrict the use of Norden's

trade name FRAUNCES TAVERN to the restaurant operated in the five building complex and to force Norden to forbear from operation elsewhere under the name FRAUNCES TAVERN.

Similarly, the expiration or earlier termination of the lease would terminate Norden's right to use the name FRAUNCES TAVERN in connection with the operation of a restaurant on the premises of the five building complex simply because Norden's right of possession of the premises for the purposes of operating any restaurant under any name would have ended with the expiration or earlier termination of the lease. However, nowhere does the lease prohibit the use by Norden of the mark FRAUNCES TAVERN at other locations subsequent to the termination of lease. This is perfectly consistent as the Sons implicitly recognized their

inability to so do! If the Sons had any right or title in the service mark "FRAUNCES TAVERN For Restaurant Purposes" either one of the foregoing clauses (¶s 3.05 and 40.01) would have been an appropriate place to so state and, indeed, to provide for a reversion of rights in the name and mark to the Sons. The failure of the Sons to provide such reversionary provisions in the lease is eloquent evidence, indeed, clear and convincing proof, that the Sons neither had nor claimed such right. Even the most cursory examination of this one-sided and prolix document will reveal that this landlord omitted nothing real, imagined, important or perfunctory that could in any way be of benefit, use, or even of interest to its position. Surely a claim of right in a service mark would have been clearly and explicitly set forth. The absence of

such pronouncement of ownership is no oversight. No claim was raised by the Sons until petitioner commenced a lawsuit and then only by way of an ambiguous counterclaim for injunctive relief

The specific lease provisions set forth above and relied upon by the New York Court of Appeals, simply put, are not evidence of acknowledgement by Norden of any ownership by the Sons of the service mark "FRAUNCES TAVERN For Restaurant Purposes" and this fact is clearly supported by the record. Norden has continually urged and asserted that it owns the service mark in conjunction with the restaurant service and has so professed not only to the Department of State for the State of New York (R-221), but also to the United States Patent and Trademark Office (R-205-207, 227). One can only surmise from the record that this open

and notorious use of the mark has been acquiesced in by the Sons since the record contains no semblance of an objection to the use of this mark by the Sons until the commencement of the underlying litigation while the mark has been affixed to items utilized in the day-to-day operation of the restaurant facility on an ongoing and continuing basis for 44 years by Norden!

While the record contains a copy of the deed by which the Sons claim title to the realty, together with the appurtenances attached thereto (R-169-172), there is no evidence of the substance of those appurtenances nor the efforts of the Sons' predecessors in title toward the development of the appurtenances which would result in ownership of the service mark "FRAUNCES TAVERN For Restaurant Purposes". Neither the Sons nor any predecessor prior to Petitioner appear to

have used the name in conjunction with a restaurant operation.

It is significant that at no time has the respondent ever made any claim that the lease required reformation; raised no mistake of scrivener; no mutual mistake; and no unilateral mistake coupled with any fraud on the part of Norden. Furthermore, at no time has the respondent ever made the assertion that it ever discussed with Norden any claim of ownership in the service mark "FRAUNCES TAVERN For Restaurant Purposes". Any such claim is not a fact but an afterthought -- the product of the facile mind of attorneys seeking the appropriation of Norden's property by linguistic legerdemain and semantical sophistry.

The Sons are a not-for-profit patriotic organization responsible for restoration of the subject premises, a historical

landmark, and operate a museum thereat unchallenged by Norden. Norden seeks merely to preserve the valuable property right developed by its predecessor, and registered by Norden,in the restaurant they have operated for the past 43 years under the name and service mark "FRAUNCES TAVERN RESTAURANT". The Court of Appeals of the State of New York, by granting summary judgment has deprived petitioner of those valuable property rights in the ownership of the service mark "FRAUNCES TAVERN For Restaurant Purposes" without due process of law.

Under any review, State or Federal, the most that can be said for the respondent's position is that as a matter of law the ownership of the service mark is a question of fact! Certiorari should be granted!

C. The Decision of the New York Court of Appeals

The Court of Appeals, under the guise of holding that the Sons were entitled to injunctive relief improperly granted summary judgment which denied Norden its day in Court. The Court deprived Norden of its valuable property rights in the service mark "FRAUNCES TAVERN For Restaurant Purposes without due process of law for which it has obtained State Registration prior to the execution of the present lease, having applied for Federal registration prior to the execution of the lease, and having obtained the same subsequent to the commencement of this ligitation, but prior to the decision of the Supreme Court of the State of New York at Special Term. In rendering this decision the Court of Appeals made the following erroneous determination in violation of both New York constitutional,

statutory and common law as well as in violation of the Federal Constitution and applicable statutes.

1. The Court of Appeals erroneously took it upon itself to interpret two provisions of the Lease and determine, as a matter of law, that the sons were the owner of the service mark without reference to the well established legal principles which precluded the same on a motion for summary judgment;

2. The Court of Appeals erroneously determined, as a matter of law, that the Lease was a license from the Sons to Norden for the use of the name"FRAUNCES TAVERN for Restaurant Purposes" and thus misinterpreted and misapplied Stogop Realty Co. v. Marie Antoinette Hotel Co.,217 AD 555; (Appendix G. Infra., pp. 46a-78a)

3. The Court of Appeals erroneously determined that despite the prima facie

ownership established by State and Federal registration, as a matter of law the Sons were the owner of the service mark; and that there was no issue of fact which would preclude summary judgment.

Both Special Term of the Supreme Court which initially denied summary judgment (Appendix C Infra., pp.32a-36a) and the majority opinion of the Appellate Division First Department (Appendix B Infra., pp. 7a-31a) clearly enunciated that as a matter of law the ownership and validity of the service mark was a question of fact which precluded summary judgment. The Court of Appeals apparently, in its opinion (Appendix A Infra., pp. 1a-6a) grasped upon the poorly reasoned dissenting opinion of the minority in the Appellate Division, well criticized by the majority opinion for the erroneous conclusion that despite Federal and State registration;

despite open, notorious use; despite no positive statement in the lease instrument as to ownership in the landlord; the Sons were the owners of the service mark because the Sons were the owner of the real property, a portion of which was known as Fraunces Tavern - despite the fact that the Sons had never run a restaurnt in the building, never made claim to ownership of the name "FRAUNCES TAVERN For Restaurant Purposes and never claimed ownership of the mark from prior owners of the name who operated a restaurant thereunder at the same premises. This is so because, until Robert Norden Sr., in 1937, no one had used the name "FRAUNCES TAVERN" for restaurant purposes nor registered the same! Registration without use is worthless. But use without registration is proof of ownership. Together they are conclusive!

REASONS FOR GRANTING THE PETITION

A. The summary judgment statute,CPLR §3212(b) permits the motion to be granted only where,upon the papers and proof submitted, the Court is warranted as a matter of law in directing judgment, and must be denied where facts are shown sufficient to require a trial of any issue of fact. Where the movant cannot demonstrate as a matter of law that there is no triable issue of fact, summary judgment must be denied. Board of Education v. Licata, 42 NY 2d 815, 816 (1977); Shaw v. Time Life Records, 38 NY 2d 201, 207 (1975). This Court has similarly stated in the case of Adickes v. S.H. Kress & Co., 398 U.S. 144, 157, 90 S.Ct. 1598, 1608, 26 L.Ed. 142 (1970). See also Barr v. County of Albany 50 NY 2d 247,254 (1980).

Thus, the Court cannot grant summary judgment even if there is only a doubt as

to the existence of a triable issue or even if the issue is only arguable. Rotuba Extruders v. Ceppos, 46 NY 2d 223, 231 (1978). This Court's view on the granting of summary judgment is consistent with New York case law as evidenced by its decision in Sarter v. Arkansas Natural Gas Corp., 321 U.S. 620, 64 S.Ct.724, 728, 88 L.Ed. 967 (1944).

The Court must accept the evidence offered by the non-moving party as true,and a decision on the motion must be made on the evidence and the facts most favorable to the non-moving party Rotuba Extruders v. Ceppos, supra.,; Poller v. Columbia Broadcasting System, Inc., 368 US 464, 82 S.Ct. 486,491, 7 L.Ed. 2458 (1968). Issue finding, rather than issue determination is the key to the procedure. Stone v. Goodson, 8 NY 2d 8,12 (1960); Falk v. Goodman, 7 NY 2d 87,91 (1959); Silliman v.

Twentieth Century Fox Film Corp., 3 NY 2d 395,404 (1957).

New York Courts have also consistently held that a motion for summary judgment must be supported by affidavits from those having personal knowledge of the facts. Thus, affidavits from attorneys have little or no value. Zuckerman v.City of New York, 49 NY 2d 557,560 (1980). Similarly, the courts are not permitted to determine credibility under the guise of a motion for summary judgment, but must determine only whether or not, as a matter of law, there is a question of fact. S.J. Capelin Asso.,Inc. v. Globe Mfg Corp., 34 NY 2d 338,341(1974); Agosto v. Immigration and Naturalization Svce.,436 US 748, 98 S.Ct.2081,2087, 56 L.Ed.2d 677 (1978)

The evidence before the motion court (Sup.Ct. NY County, Spec. Term,Part I),the

intermediate appellate court (Appellate Division of Supreme Court, First Dept.), and our highest court (New York State Court of Appeals), all demonstrated at the very least, substantial issues of fact, credibility, and contrary inferences to be drawn from both the intrinsic document, the lease between the parties, and the extrinsic evidence consisting of historical background, the conduct of the petitioner, and of greater significance, the application for and the granting of registration of the service mark under both Federal and New York statutes. It is without question that the New York State Court of Appeals has misinterpreted its own summary judgment rule; misapplied and misconstrued rules of substantive law; ignored the sharply conflicting inferences to be drawn from relevant paragraphs of the lease between the parties; and misap-

plied the inapt decision [Stogop Realty Co. v. Marie Antoinette Hotel Co.,217 AD 555)](Appendix G.Infra., pp.45a-78a) all in a manner so as to deprive the petitioner of its valuable property -- the service mark "FRAUNCES TAVERN For Restaurant Purposes"--without due process of law in violation of accepted Federal and State statutory and common law to the contrary. This, the Court of Appeals is not permitted to do. Ugarriza v. Schneider,46 NY 2d 471,474 (1979).

The Court of Appeals has exceeded its own New York State constitutional and statutory authority, since review to the Court of Appeals is limited to questions of law, except where the Appellate Division, on reversing or modifying the final or interlocutory judgment has expressly or implicitly found new facts, and the final judgment pursuant thereto was

entered. New York State Constitution, Art VI, §3, CPLR §5501(b). Questions of fact which are decided by the trial court are put beyond the reach of the Court of Appeals by the Appellate Division's affirmance. City of New York v. Third Ave. RR Co., 294 NY 238,247 (1945). Also see Cohen & Karger, "Powers of the New York Court of Appeals", Rev.Ed. §107, pp.447-449.

The distinction between law and fact is cogently set forth by Messrs. Cohen and Karger:

> "The basic principle, too easily overlooked in the welter of embellishments and refinements upon it, is that a question of fact is present if there is a conflict either in the evidence or in the inferences which can reasonably be drawn from the evidence. ... But even if the facts are not in dispute, the question of fact arises when the inferences from those facts may reasonably lead to differing conclusions."

Since both Special Term and the Appel-

late Division both found that as a matter of law there were questions of fact concerning not only the intent of the parties as to the ownership of the service mark, but as to the validity of the mark itself, the Court of Appeals could reverse the Appellate Division, and grant summary judgment to the respondent only if it found that as a matter of law the intent of the parties was so clearly expressed in the lease provisions, that either extrinsic evidence was not needed, or that it is so clearly supported the position of the respondent as to justify the Court of Appeals, as a matter of law, in interpreting the document, and divining the intent of the parties therefrom contrary to petitioner. By so doing the Court of Appeals erroneously concluded from ambiguous lease provisions despite sharply conflicting affidavits and conflicting extrinsic evidence, that the

petitioner intended, by its execution of the lease, to acknowledge the ownership in the respondent of the service mark "FRAUNCES TAVERN For Restaurant Purposes".

B. The interpretation of a document requires an ascertainment of the intention of the parties. It becomes a question of law only where intention is clear and unambiguous, and only where there is no need to resort to parole evidence or extrinsic evidence in order to interpret the intention of the parties. It is black letter law--that ambiguous documents requiring parole evidence or extrinsic evidence from which divergent inferences can reasonably be drawn--absolutely preclude the resolution of the conflict by other than a plenary trial. 10 NY Jur.,Contracts, §§189-190,pp.92-95; 17 Am.Jur.2d Contracts,§§240-241,pp.624-627; 4 Williston on Contracts, §629,pp.919-921 [3d Ed]

Cohen and Karger,"Powers of the Court of Appeals", Rev.Ed. §108, pp. 461-462.

The Court of Appeals has uniformly expressed the rule that it was obligated to seek the intent of the parties, and in so doing not limit itself unnecessarily or improperly. Kennedy v. Porter, 109 NY 526, 544 (1888).

This Court in Canal Company v. Hills, 15 Wall 94, 211 L.Ed.64,68 (1872), as wel as the New York Court of Appeals in O'Neil Supply Co. v. Petroleum Heat & Power Co., 280 NY 50,55 (1939) have recognized that the fundamental law in the construction of all agreements is to ascertain the substantial intent of the parties. The Court is to consider the purpose of the object to be advanced, Manson v. Curtis, 223 NY 313,320 (1918) and thus cannot look upon a document with tunnel vision excluding the circumstances surrounding the same in

order to avoid a factual in favor of a legal resolution. For this reason the equitable rule was developed that an ambiguity in a contract is to be interpreted strictly against he who prepared the instrument or he who used the same and sought the benefit of the provision. Mutual Ins. Co. v. Hurni Co., 263 US 167 174, 44 S.Ct. 90 (1923); Atterbury v.Bank of Washington Heights, 241 NY 231,238 (1925); Gillet v. Bank of America, 160 NY 549, 554-555 (1899). The Gillet Court clearly stated the reasoning for the rule:

> "If the language of a promise may be understood in more senses than one, it is to be interpreted in the sense in which the promisor had reason to believe it was understood. [citations omitted]

Thus, the language in the lease must be construed against the promisee Sons, who insisted upon it and in the light most favorable to the promissor Norden who

was obligated to conform thereto. A construction to the contrary does violence not only to the language of the lease, but to the intent of the parties.

In the immortal words of Judge Cardozo in Martin v. Crumb, 216 NY 500,505(1916):

> "The most that could be said for the defendant is that its meaning is ambiguous and that its construction was for the jury."

Cf. Piedmont Hotel Co. v. Nettleton Co., 263 NY 24 (1933).

It is respectfully submitted that the same result should have been achieved by the Court of Appeals in the instant case. See Gravenhorst v. Zimmerman, 236 NY 22, 38-39 (1933); Brawer v. Mendelson Bros. Factors, Inc., 262 NY 53,56 (1933).

A comparison of the old lease (Appendix F. Infra., pp. 42a-45a) with the new lease in the light of the extrinsic evidence leads inescapably to the conclusion

that different inferences can be drawn as to the intent of the parties with regard to ownership of the service mark"FRAUNCES TAVERN For Restaurant Purposes". Cf. Stone v. Goodson, supra., Steinberg v. Goodman, 27 NY 2d 304, 308-309 (1970), where summary judgment was denied where the Court determined that there was merely an arguable difference as to the intent of the parties. In a more recent case, Shaw v. Time-Life Records, 38 NY 2d 201,206-207 (1975), the Court of Appeals, in what was almost a classic case of plagerism (nevertheless denied summary judgment). Speaking for the Court, Judge Jason stated

> "We believe that plaintiff has made a sufficient factual showing to entitle him to present his case to the jury. A triable issue of fact exists as to whether reasonably discriminating members of the public would be confused and misled by defendant's advertising. Thus, in this limited respect, the defendant's motion for summary judgment is properly denied."

In what may be the most controlling decision -- the Court of Appeals in Zaldin v. Concord Hotel, 48 NY 2d 107, 114-115 (1979), determined that summary judgment would not lie in order to permit the Concord Hotel to take advantage of §200 of the General Business Law, the statute delineating the responsibilities of the hotel industry with regard to the valuables of its millions of patrons,when it stated that if there was an intent to limit liability the statute would have said so. Similarly, if there was an intent in the lease provisions before the Court of Appeals to declare the respondent the owner of the service mark, the lease provisions would have said so. In either case summary judgment was inappropriate, since the intent of the Legislature in the Zaldin case, as well as the intent of the parties in this case, cannot be gleaned as

a matter of law from a mere examination of the language used.

C. The Court of Appeals decision (Appendix A Infra.,pp.1a-6a) is distorted by a misinterpretation and misapplication of the law of the case as contained in Stogop Realty Co. v. Marie Antoinette Hotel Co., Supra.(Appendix G Infra., pp.46a-78a) Stogop's inapplicability is readily supported by an analysis of that case in contrast to the factual pattern before this Court, and as clearly shown by the majority opinion in the Appellate Division (Appendix B Infra., pp.7a-31a).

The decision in Stogop was rendered at the conclusion of a complete trial where the Court held that the name "Marie Antoinette Hotel" had become inseparably connected not only with the building, but had become synonomous also with the hotel business through the efforts of plaintiff's

predecessor. The Court had to determine whether plaintiff, who had acquired the premises by deed, obtained ownership right in the name and service mark "Marie Antoinette Hotel" along with ownership of the building. Before the Court could make such a determination, it first had to evaluate the efforts expended by the person from whom plaintiffs acquired title relevant to the use by the vendor of the name as a service mark in connection with hotel services. This type of examination is relevant to the doctrine of "secondary meaning", more specifically, the use of a name in conjunction with a particular service.

The plaintiffs leased the subject premises as a hotel to a lessee. Plaintiffs' lessee thereafter conducted the hotel business under the name "Hotel Marie Antoinette". The lease agreement between

plaintiffs and the lessee--aside from describing and authorizing/licensing the use of a particular name in conjunction with the hotel business--specifically provided that the right to use of the name stopped at the expiration of the lease, and that the use of the name would revert to the plaintiff becoming once again its sole property, unlike the instant case. This provision of the lease agreement clearly provided an acknowledgement of the lessor's ownership in the service mark, unlike the lease at bar.

The record before this Court is greatly dissimilar having evolved out of the context of a motion for summary judgment,and not after a complete trial. The record reveals a conflict with respect to the Sons' predecessor in title relevant to the development of the service mark "FRAUNCES TAVERN For Restaurant Purposes". The Sons

rely upon the historical character, Samuel Fraunces, as the predecessor from whom it acquired its rights. However, Fraunces did not use that name for restaurant services at this historic site, but only at other locations! (supra. p.13)

Simply put, unless the Sons demonstrate to this Court that they used the service mark "FRAUNCES TAVERN" in conjunction with a restaurant service, a determination could not have been validly made by the Court of Appeals naming the Sons the owner of the service mark as a matter of law. Stogop is an inapt authority for that proposition!

D. The Court of Appeals took the unfounded position that the Sons, through acquisition of the five building complex, acquired ownership of the mark for any and all purposes, including the restaurant services performed by Norden.

General Business Law §360(a)(a-i)(a-iii) provides definitions of the terms "rademark", "service mark" and "trade name". (Supra, p 5)

The definitions as contained in the General Business Law of New York State are relatively consistent with Federal definitions as contained in the Lanham Act of 1946. These definitions are contained in 15 U.S.C. §1127 (supra., p 6)

Pursuant to New York State common law a party acquires rights in a service mark, trademark or trade name when that party has either used the mark in conjunction with a particular service, or a particular product, or at a particular place where he conducts a business under that name, so as to render the mark valuable. Cf.

Glen Hall Mfg. Co. v. Hall, 61 NY 226 (1874); Mark Realty Corp. v. Hirsch, 180 AD 49,54 (1st Dept. 1917)

The necessity of usage of the mark in conjunction with either goods or services is black letter law in New York, and is entirely consistent with Federal authority. United Drug Co. v. Rectanus Co., 248 US 90, 39 S.Ct. 48, 63 L.Ed. 141 (1918)

The service mark in issue herein is "FRAUNCES TAVERN For Restaurant Purposes." The mark is a hybrid combination of the surname ("FRAUNCES") and a descriptive word ("TAVERN"). When a mark

> "... is a combination of personal name and a descriptive or generic word it is not entitled to trade name status unless it has acquired a 'secondary meaning'."[emphasis added] The President and Trustees of Colby College v. Colby College, New Hampshire, 374 F.Supp. 1141 (D.NH 1974).

The decision of the New York State Court of Appeals is totally unsupported by the record and in direct contradiction to New York common and statutory law, as well as the Federal statute. The record, at the very least, demonstrates a triable issue of fact relevant to the issue of the ownership and validity of the service mark. It is impossible for one to acquire ownership rights to a service mark when the party asserting ownership has never used the mark in conjunction with the services for which it has become known in the context of this record or purchased the same from one who has!

The petitioner has continually maintained that the service mark is a valuable property right of its business. The failure of the Court of Appeals to allow the issue of ownership to go to trial, ~~and~~ but summarily dispose of the

issue is clearly a denial of due process as prescribed by the Fourteenth Amendment of the United States Constitution. (supra., pp. 7-8). Lee v. Central of Georgia RR Co., 252 US 109, 40 S.Ct. 254, 64 L.Ed. 482 (1920); Board of Regents v. Roth, 408 US 564, 96 S.Ct. 2701, 33 L.Ed. 2d 548 (1972); Perry v. Sindermann, 408 US 593, 92 S.Ct. 2694, 336 F.2d 570 (1972); Milkwagon Drivers Union, etc., v. Meadowmoor Dairies, 32 US 287, 61 S.Ct. 552, 132 ALR 1200, 85 L.Ed. 836 (1941).

CONCLUSION

For the foregoing reasons the decision of the Court of Appeals of the State of New York granting summary judgment is in direct conflict with established precedent, both New York and Federal, statutory as well as common law, and a deprivation of Norden's property rights without due process

of law, in direct violation of the applicable Federal and New York constitutional provisions. Certiorari should be granted.

Respectfully submitted,

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Dated: May 1981

APPENDIX

APPENDIX A

STATE OF NEW YORK

COURT OF APPEALS

No. 624

NORDEN RESTAURANT CORPORATION,

Respondent,

-v-

SONS OF THE REVOLUTION IN THE STATE OF NEW YORK

Appellant

William T. Livingston III, New York City for Appellant

Joseph D. DeSalvo, White Plains, for Respondent

Argued November 21, 1980

Decided December 22, 1980

OPINION

MEYER, J.

The sole question before us on this appeal is whether Special Term properly denied defendant's motion for summary judgment on its third counterclaim, in which defendant sought to enjoin plaintiff "from using the name Fraunces Tavern, from using any name other than Fraunces Tavern Restaurant * * *". We hold that defendant is entitled to such injunctive relief.

Defendant owns the building at 54 Pearl Street in the Borough of Manhattan which has been known since the eighteenth century as "Fraunces Tavern". The building has been designated a national landmark and is primarily known as the site where then General George Washington bade farewell to his officers at the close of the Revolutionary War.

The plaintiff is the tenant under a lease executed in 1977 which entitles it, subject to numerous restrictions, to conduct a restaurant business on the premises. Plaintiff asserts that the Norden family has conducted a restaurant business on the leased premises for over forty years and that because of the lengthy association of their restaurant business with the name "Fraunces Tavern" that name has become synonymous with their restaurant and that they, therefore, have acquired the exclusive right to use the name.

This assertion is belied by several provisions of the lease to which they consented in 1977. Specifically, paragraph 3.05 of the lease provides as follows

> "The business conducted by Tenant in the premises is only to be conducted under the name 'Fraunces Tavern Restaurant' or such other name as Landlord shall from time to

> "time approve in writing pursuant to the request of Tenant."

Perhaps the clearest recognition of defendant's ownership of the "Fraunces Tavern" appellation is contained in paragraph 40.01, which provided:

> "The right to use the name 'Fraunces Tavern Restaurant' in connection with Tenant's business shall be limited to the restaurant business conducted in the premises and to no other business or location, and such right shall terminate upon the expiration or earlier termination of this Lease."

Having recognized defendant's ownership of the name "Fraunces Tavern Restaurant", and having accepted the licensed use of the name upon the terms dictated by the defendant, plaintiff cannot now assert ownership of it as against defendant (see Stogop Realty Co. v. Marie Antoinette Hotel Co., 217 App Div 555).

Nor is the plaintiff's claim of ownership advanced by the fact that even as it negotiated the 1977 lease, it

applied to the United States Patent and Trademark Office for registration of the name "Fraunces Tavern" as a service-mark and subsequently obtained such registration. It is well established that registration is not dispositive of the common law rights of ownership of the trademark (see Turner v. HMH Publishing Co., 380 F2d 224, 228; United States Jaycees v. San Francisco Junior Chamber of Commerce, 354 F.Supp. 61, 70, affd. 513 F2d 1226), but merely grants the registrant the procedural advantage of establishing prima facie ownership. The probative value of that registration is but slight in light of the facts that plaintiff applied for the service mark at a time when it was conceding in negotiation that defendant owned the name "Fraunces Tavern Restaurant", and that the provisions of the lease negotiated clearly establish

defendant's ownership of the name.

Defendant was entitled to summary judgment on its third counterclaim.* The order of the Appellate Division insofar as appealed from should, therefore, be reversed and the certified question answered in the negative.

* * * * * * * * * * * * * * * * * *

Order, insofar as appealed from, reversed with costs, summary judgment granted to defendant on the third counterclaim, and question certified answered in the negative. Opinion by Meyer, J. All concur.

---

* The only issue briefed before us is whether the order denying defendant's motion for summary judgment on the third counterclaim was proper. Accordingly, we do not consider the propriety of so much of the Special Term order as denied defendant's motion addressed to the second and fourth causes of action stated in plaintiff's complaint.

APPENDIX B

SUPREME COURT, APPELLATE DIVISION

First Department, November 1979

Present: FRANCIS T. MURPHY,JR., P.J.
THEODORE R. KUPFERMAN
ARNOLD L. FEIN
JOSEPH P. SULLIVAN
DAVID ROSS, JJ.

Norden Restaurant Corporation,

Plaintiff-Respondent,

-against-

Sons of the Revolution in the State of New York,

Defendant-Appellant

6831

Appeal by the defendant-appellant from so much of the order of the Supreme Court, New York County (Hughes, J.), entered on July 24, 1979, as denied defendant's motiom to dismiss the second and fourth causes of action set forth in the amended complaint, denied defendant's

motion for partial summary judgment on the third counterclaim set forth in the answer and counterclaims, and granted plaintiff's cross-motion to the extent of dismissing a portion of the third counterclaim.

William T. Livingston III, of counsel Bachner, Tally & Mantell, attorneys) for the defendant-appellant

Joseph D. DeSalvo, Esq., of counsel (Greenspan & Jaffe, attorneys) for the plaintiff-respondent.

Decided: First Department March 13, 1980

OPINION

ROSS, J.

The corporate defendant, formed in 1883, is a patriotic organization dedicated to keeping alive the best traditions of the "Spirit of '76". This not-for-profit corporation is the owner of historic Fraunces Tavern, a five-building interconnected complex located in lower Manhattan. In 1904, defendant acquired this property through a bequest from a descendant of an officer on General George Washington's staff, who was present at the Commander-in-Chief's farewell ceremony conducted at Fraunces Tavern. Through the Society's efforts, this building has been successfully restored to its original "revolutionary" character. The defendant now maintains its offices there and is curator of an on-premises museum.

Plaintiff leases the main building and portions of adjoining buildings of this com lex and operates a restaurant therein. The Norden family has operated this food emporium for over forty years. The plaintiff has at various times, through various media and accoutrements of plaintiff's trade, advertised the name of this restaurant as Fraunces Tavern. The existing lease signed in mid-December, 1977, effective, January 1, 1977, provides in pertinent parts:

> §3.04 "The business conducted by Tenant in the premises is only to be conducted under the name 'Fraunces Tavern Restaurant' or such other name as Landlord shall from time to time approve in writing. ..."
>
> §40.01 "Tenant convenants and agrees that in any and all advertising of the business of the Tenant ... Tenant will in no way state or imply that the buildings are in any way the property of Tenant or of the restaurant operated by it in the premises ... The right to use the name 'Fraunces

> T a vern Restaurant' in connection with Tenant's business shall be limited to the restaurant business conducted in the premises and to no other business or location. ..."

Plaintiff, as lessee, instituted this action for, inter alia, water damages and to enjoin defendants from interfering with proposed interior remodeling. Defendant, alleging breach of lease in a third counterclaim, sought to enjoin plainitff from using the name Fraunces Tavern, and from prosecuting its Federal trademark application. Special Term denied defendant-appellant's motion for partial summary judgment on the third counterclaim and granted plaintiff's cross-motion to the extent of dismissing this counterclaim.

The question then presented by this appeal is whether Special Term erred in denying defendant-landlord's motion for

partial summary judgment enjoining plaintiff-lessee's use of the service mark Fraunces Tavern. On the facts presented herein, injunctive relief cannot be granted summarily.

The terms "service mark" and "trademark" are related concepts and both are governed by identical standards (Boston Professional Hockey Association v. Dallas Cap & Emblem Mfg. Inc., 510 F 2d 1004 [5th Cir. 1975]; West & Co., Inc. v. Arica Institute Inc., 557 F 2d 338 [2nd Cir. 1977]). "Service mark" has been defined as a mark used in the sale or advertising of services to identify the services of one person and distinguishes them from services of others. "Trademark", although similarly defined, identifies a manufacturer's or merchant's goods or products. [Lanham Trade-Mark Act, 15 USCA §1127, see also General Business

Law §360(a) and (a-i)]. The twofold Congressional intent for protecting trademarks is:

> "to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trademark has spent energy, time and money in presenting to the public the product, he is protected in his 'investment' from its misappropriation by pirates and cheats." (7 N.Y.L.F. 91, 92).

In this Court defendant argues that through its efforts the mark "Fraunces Tavern" has become synonymous with its organization and with the maintenance and preservation of a landmark steeped in historical significance. Additionally, the restrictive terms and conditions in the current lease between defendant and plaintiff prohibit the latter's use of this mark. Therefore, the mark has derived its sole uniqueness from these

labors and the Society is entitled to the protection and good will flowing therefrom. Plaintiff similarly argues that the consuming public identifies the mark in dispute as connoting a distinguished restaurant. The record on appeal divulges conflicting substantial claims by both parties. It is axiomatic that both cannot claim the benefits of this individual mark.

Each controversy in this area of the law must be decided on its own merits since the circumstances surrounding each are not readily duplicated.

> "Although this type of litigation has been said to present mixed questions of law and fact, the emphasis, and rightly so, we believe, seems to have been placed upon the fact pattern of each situation (citations omitted). Each case ... must be decided on its facts. ..." (Dell Publishing Co. v. Stanley Publications, 9 NY 2d 126, 133).

Courts have long recognized that non-commercial organizations are entitled, under proper circumstances, to enjoin the pirating of a mark by a junior user even though not in direct competition.

> "Equity may also shield the thrust by business into the kind of legal rights acquired in areas entirely removed from commercial activities." (Cornell University v. Messing Bakeries, Inc., 285 AD 490, 492; aff'd. 309 NY 722).

Under any circumstances, whatever the mark, the more viable it is in the current market, the greater is its need for protection from unwarranted incursions.

> "The real injury ... is the gradual whittling away or dispersion of the identity and hold upon the public mind of the mark or name by its use on non-competing goods. The more distinctive or unique the mark the deeper is its impress upon the public consciousness the greater its need for protection against vitiation or dissociation from the particular product in connection with which it has been used." [citation omitted] (Tiffany

a nd Company v. Tiffany Productions, Inc., 147 Misc. 679, 681-682; aff'd. 237 AD 801 aff'd. 262 NY 482).

Without question the mark Fraunces Tavern is recognized by the consuming public in the local market place, if not the national. Whether the common man recognizes this mark as synonymous with an historic setting, or as a restaurant, cannot be decided in the absence of a complete trial. For this reason our dissenting colleagues' reliance on Stogup Realty Corp. v. Marie Antoinette Hotel Corp., (217 AD 555) is misplaced. There, a full hearing was concluded before a determination was rendered, and, moreover, the subject premises were specifically constructed for the use to which they were put. In Stogup Realty Corp. v. Marie Antoinette Hotel Corp., supra, the Court found that the name "Hotel Marie Antoinette" had become inseparably connected with the

building, and had become snyonymous with the hotel business through the efforts of plaintiff's predecessor. Here, Fraunces Tavern was built for the use the name implies and has been so utilized in that manner since 1763. On the record before us it cannot summarily be said that the name Fraunces Tavern has become "appurtenant to and inseparably connected" with the defendant Society. These incompatible assertions must be resolved at trial.

The defendant, as landlord and owner of a building in which plaintiff undertook a commercial venture, possesses a valued interest in its building's name, which is entitled to protection. However, as a result of steady and gradual usage and development, such a name may acquire a secondary meaning as indicating the particular business housed in the building. (60 NY Jur. Trademarks §100). Where such

mark has acquired this distinctive meaning, the user thereof is entitled to the same protection as would be accorded a "technical" trademark.

> "Secondary meaning can be established by showing that notwithstanding the absence of an arbitrary, fanciful or coined expression, a trade-mark or trade name has, through exclusive use and advertising by one entity, become so associated in the mind of the public with that entity or its product that it identified the goods sold by that entity and distinguishes them from goods sold by others." (Allied Maintenance Corp. v. Allied Mech. Trades, 42 NY 2d 538, 542 [footnote 2]).

The ability of a mark to acquire a secondary meaning will rarely be established overnight. Such is uniquely attainable through a gradual evolution. Acceptance thereof will be acknowledged when a substantial section of the buying public can equate that mark with a particular business and no other. (3 Callman,

Unfair Competition Trademarks and Monopolies §77.4).

The issue then is whether either party through its individual efforts can be credited with ascribing a secondary meaning to the mark Fraunces Tavern. After a trial if it can be determined that this mark exclusively identifies a particular business, and the buying public would thereby be confused, then that business is entitled to the service mark protection (Matter of Playland Corp. v. Playland Center, 1 NY 2d 300).

In trademark law, as in other matters of equity, good faith is an indispensable component. No right of ownership can be acquired in a service mark which is not registered or adopted in good faith (15 USCA §1064; N.Y. Jur., supra, §17). Defendant argues that this element is lacking. The existing lease was negotiated

throughout 1977, and it is alleged that a major portion of these discussions centered on utilization of the mark Fraunces Tavern. However, prior to signing of this document, plaintiff on October 28, 1977, caused to be served an application with the U.S. Patent and Trademark Office seeking to register the service mark Fraunces Tavern*. The Society maintains this procedure was commenced at a time when plaintiff was aware that its use of the service mark was in dispute, and moreover violated the restrictive conditions of the lease.

The question of good faith, or the lack thereof, is an issue, under these circumstances, which cannot be disposed of summarily. The familiar refrain that the key to summary judgment is "issue

*This mark was subsequently registered on September 11, 1979.

finding rather than issue determination." (Sillman v. Twentieth Century Fox Film Corp., supra.; Pollard v. Meyer, 61 AD 2d 766 [First Department 1978]). Here we have substantial questions of fact that cannot be disposed of in advance of trial.

Accordingly the order of Supreme Court New York County (Hughes, J.), entered on July 24, 1979, which, inter alia denied defendant-appellant's motions to dismiss the second and fourth causes of action contained in the complaint and denied defendant's motion for partial summary judgment on the third counterclaim in appellant's answer, seeking to enjoin plaintiff's use of the service mark Fraunces Tavern, and granting plaintiff's use of the service mark Fraunces Tavern and granting plaintiff's cross-motion to the extent of dismissing the third coun-

terclaim should be insofar as appealed from, affirmed, without costs and without disbursements.

All concur, except Murphy, P.J., and Kupferman, J., who dissent in part in an opinion by Kupferman, J.

KUPFERMAN, J. (dissenting in part):

Fraunces Tavern on Pearl Street in lower Manhattan is a landmark. It was operated by Samuel Fraunces, and it was here that General George Washington in 1783 said goodbye to his revolutionary comrades in arms. On the 100th anniversary of Washington's farewell, there was organized the patriotic organization, Sons of the Revolution, the defendant-appellant herein, whose purpose was to keep alive the spirit of '76. It is a not-for-profit corporation.

In 1904, as the result of a bequest,

the appellant was enabled to purchase the building comprising Fraunces Tavern. It had since its organization been working to restore and preserve the building, and it has maintained it in a condition closely approximating the original architecture and appearance. It has acquired ownership of neighboring buildings which are interconnected with the Tavern, and a museum is there maintained. Portions of the Tavern have been rented for operation as a restaurant, with the appellant as landlord since 1907. In 1937, the plaintiff-respondent became the tenant of the restaurant, with the current lease becoming effective January 1, 1977 for a term ending October 31, 1991. The lease contains provisions which give the appellant the right to control, in terms of quality, taste and fashion, the operation of the restaurant business.

Among other provisions in the lease are the following:

> Section 3.04. The business conducted by Tenant in the premises is only to be conducted under the name "Fraunces Tavern Restaurant" or such other name as Landlord shall from time to time approve in writing pursuant to the request of Tenant.
>
> Section 6.02. "Landlord reserves the right to name the Building and to change the name or address of the Building at any time and from time to time. ..."
>
> Section 29.01. Tenant, recognizing that the Buildings have been maintained as an historical landmark and as an additional inducement to Landlord to enter into this Lease, covenants and agrees that at all times (i) the business to be conducted at, through and from the premises and the kind and quality of the merchandise, food, and services offered in the conduct thereof will be reputable in every respect, (ii) the sales methods employed in said business, as well as all other elements of merchandising, will be dignified and in conformity with the highest standards of practice obtaining among superior type stores, shops and restaurants dealing in the same or similar merchandise, food and service or conducting a

similar high-quality restaurant business in the Wall Street business district adjacent thereto, and (iii) the kind and quality of food and beverages and of the merchandise sold at, through or from the premises by Tenant shall be excellent in all respects, and (iv) the appearance of the premises (including the lighting and other appurtenances thereto), the appearance and deportment of all personnel employed therein, and the appearance, number, location, nature and subject matter of all displays and exhibits placed or installed in or about the premises, and of any signs, lettering, announcements, price schedules, tags or any other kinds or forms of inscriptions displayed in or about the premises, will be only such as does not meet with Landlord's reasonable disapproval and, if at any time reasonably disapproved by Landlord, Tenant shall remove the basis for such disapproval in such manner and within such reasonable time as may be specified by Landlord, in a written notice by it to Tenant for such purpose. Landlord believes that the operation by Tenant of its business at the premises is, as of the date hereof, generally in conformity with the standards hereinabove in this Section 29.01 set forth.

Section 39.04. Tenant shall remove all such lettering, improvements and modifications upom the termina-

tion of its Lease and shall repair any damage to the building or the sign occasioned thereby.

Section 40.01. Tenant covenants and agrees that in any and all advertising of the business of Tenant conducted in or from the premises whether through written, typewritten, mimeographed or printed circulars, radio programs, notices in the public press and publications, signs or by means of any other advertising media, Tenant will in no way state or imply that the Buildings are in any way the property of Tenant or of the restaurant operated by it in the premises. Tenant further covenants and agrees that it will not alter or distort the account of any historical fact respecting the premises or the Buildings in any of its advertising through any of the above described media or through any other media. Advertising material used and paid for by Tenant should describe the business of Tenant conducted in the premises only as "Fraunces Tavern Restaurant". If Tenant, after warning that a violation of the above conditions has occurred, shall thereafter repeat the same or a similar violation, Landlord may require and Tenant covenants and agrees that it will immediately, at its sole cost and expense, retract any such statement, implication, or error of historical fact to which Landlord shall have

made objection in any and all of the advertising media in which such violation shall have occurred. The wording of such retraction shall be submitted to Landlord before publication and Landlord's approval of such retraction in writing shall be obtained by Tenant which covenants and agrees that it will give to such retraction display or prominence equal to the display or prominence given to the advertising to which Landlord has taken exception as above set forth. The right to use the name "Fraunces Tavern Restaurant" in connection with Tenant's business shall be limited to the restaurant business conducted in the premises and to no other business or location, and such right shall terminate upon the expiration or earlier termination of this Lease. Any regular doorman or person operating checking facilities on the premises shall, labor conditions permitting, be costumed in Colonial Costume consisting of powdered wig, tailcoat, breeches, long hose and display buckles on shoes, so designed as to portray in true and authentic manner the dress in use during the era of the American Revolution.

It is readily apparent that this is not a mere naked license discussed in Ritz Assoc. v. Ritz-Carlton Hotel Co., 35 Misc. 2d 425, aff'd. without op. (but

with one dissent), 19 AD 2d 522, aff'd. without op. 14 N.Y. 2d 670. It is obvious that by reason of ownership, intention, long usage and contract, the name Fraunces Tavern is the property of the defendant-appellant. It has acquired a "secondary meaning" indicating the defendant-appellant. See "Untangling the Confusion in Trademark Terminology: by Sidney A. Diamond, ABA Journal, October, 1979, Volume 65, p. 1523, 1525. The right to use the name is inseparably associated with the building involved, Stogup Realty Co., Inc. v. Marie Antoinette Hotel Co., 217 App. Div. 555 (1st Dept., 1926).

In this litigation, the plaintiff sues, among other things, in the nominal course of a tenant-landlord relationship, for water damage, a claim with respect to rent, etc. In addition, it contends that in connection with a grant of permission

from appellant-landlord to respondent-tenant to construct a coatroom enclosure, there were impermissible conditions attached with respect to the use of the words Fraunces Tavern on items to be sold in the operation of the coatroom.

Among other things, the defendant-appellant landlord set forth various affirmative defenses and counterclaims, including a third counterclaim to declare its rights in the name Fraunces Tavern and to enjoin the respondent from prosecuting an application for a U.S. trademark in the name. In the interim, after the date of the order herein denying summary judgment to either side on a motion and cross-motion, a certificate of registration was issued by the U.S. Patent and Trademark Office to the plaintiff-respondent tenant for a service mark for Fraunces Tavern. It is possible for a

licenseesuch as the plaintiff to obtain a service mark as a "related company", pursuant to Sections 5 and 45 of the Lanham Act, 15 U.S.C. 1055 and 1127. See "What the General Practitioner Should Know About Trademarks and Copyrights" by Arthur H. Seidel (4th ed. 1979) ALI-ABA, p.117.

The landlord, by virtue of its lease, being in legitimate control of the usage of the mark, would therefore be a beneficiary of the registration, and the licenseecould not use the mark in advertising or labeling in any manner other than that specifically authorized by the licensor. See "An Introduction to Trademark Practice" by Martin J. Beran, Chapter 3(4), p.128-129.

I would grant partial summary judgment to the defendant-appellant landlord on the third counterclaim, declaring its

rights in the trademark. There does not seem to be any real dispute with respect to the right of the tenant to construct the cloakroom, and therefore summary judgment should be granted to the plaintiff-respondent on the second cause of action. However, the right to construct the cloakroom does not carry with it any rights with respect to any items to be sold therein with the name Fraunces Tavern used, without the permission of the landlord, subject to the terms of the lease.

APPENDIX C

SUPREME COURT, NEW YORK COUNTY

SPECIAL TERM, PART I

NORDEN RESTAURANT CORP.,

Plaintiff

-against-

SONS OF THE REVOLUTION IN THE STATE OF NEW YORK, INC.,

Defendant

Index No. 20981/78

Decided July 23, 1979

DECISION

HUGHES, J.:

The papers on both sides of this motion and cross motion are to a great extent vague, vexatious, and unintelligible, and fail to address the issues raised. Nevertheless, the Court will attempt to render a disposition.

The cross motion by plaintiff to dismiss defendant's third counterclaim is granted only to the extent that the portion of the third counterclaim seeking to enjoin plaintiff from prosecuting an application for a trademark before the United States Patent Office is dismissed. No authority is shown by which this State Court can restrain a party from prosecuting an application before that agency of the Federal Government. The arguments by both sides as to the merits of the application for the trademark, or of

the legal effect of the granting or denial by the Patent Office of that application are irrelevant. The cross motion is otherwise denied. Defendant's main motion, insofar as it seeks summary judgment on the third counterclaim, is also denied. Neither side shows a clear right to the use or ownership of the trademark or tradename in issue. In this regard, it must be noted that the issue raised by defendant, of a lessee's estoppel to deny a landlord's title to demised real property (Tilyou v. Reynolds 108 NY 558),is irrelevant.

The subject matter of the controversy at bar is not title to real property of which plaintiff is defendant's lessee, but the right to the use of a trademark or tradename of which plaintiff is defendant's licensee. The doctrine of licensee estoppel no longer holds. (Lear,

Inc. v. Adkins, 395 US 653).

Defendant's main motion, insofar as it seeks dismissal or removal of plaintiff's fourth cause of action, is denied. There is not shown a sufficient identity of issues with the prior action described in the papers.

The main motion, insofar as it seeks dismissal of the second cause of action, is denied. No clear showing is made as to the right or lack of right of plaintiff to undertake the construction in issue.

The relief sought in defendant's "supplemental notice of motion" is denied on the merits, although the Court could have chosen to deny the request without prejudice, as a procedural impropriety. As noted, supra, neither side shows a clear right to the trademark or servicemark in issue, and the request to direct

the New York Secretary of State to cancel plaintiff's registration of the mark, and for damages, cannot summarily be granted.

Dated: July 23, 1979

T.J.H.

J.S.C.

APPENDIX D

STATE OF NEW YORK,

COURT OF APPEALS

At a session of the Court, held at Court of Appeals Hall in the City of Albany on the twenty-fourth day of February A.D. 1981

PRESENT, Hon. Lawrence H. Cooke, Chief Judge, Presiding

Mo. No. 162

NORDEN RESTAURANT CORPORATION,

Respondent

vs.

SONS OF THE REVOLUTION IN THE STATE OF NEW YORK, INC.,

Appellant

A motion having heretofore been made herein upon the part of the respondent (a) for an extension of time within which to move for reargument and (b) for reargument of the above cause to this Court, papers having been submitted thereon and due deliberation having been thereupon had, it is

ORDERED, that the said motion, insofar as it seeks an extension of time, be and the same hereby is granted; and it is

ORDERED, that the said motion, insofar as it seeks reargument, be and the same hereby is denied.

/s/ JOSEPH W. BELLACOSA
Clerk of the Court

APPENDIX E

Order of the Appellate Division

Granting Leave to Appeal

to the Court of Appeals

At a term of the Appellate Division of the Supreme Court held in and for the First Judicial Department in the County of New York, on May 13, 1980

Present: Hon. Francis T. Murphy, Jr.,PJ
Theodore R. Kupferman
Arnold L. Fein
Joseph P. Sullivan
David Ross, Justices

M-1555

Norden Restaurant Corporation,

Plaintiff-Respondent,

-against-

Sons of the Revolution in the State of New York,
Defendant-Appellant

The above-named defendant-appellant having moved for reargument of, or for leave to appeal to the Court of Appeals from, the order of this Court entered on March 13, 1980,

Now, upon reading and filing the notice of motion, with proof of due service thereof, and the papers filed in support of said motion, and the papers filed in opposition or in relation thereto; and due deliberation having been had thereon,

It is ordered that said motion, insofar as it seeks reargument, be and the same hereby is denied, and said motion, insofar as it seeks leave to appeal to the Court of Appeals is granted and this Court, pursuant to CPLR 5713, certifies that the following question of law, decisive of the correctness of its determination, has arisen whch in its opinion ought to be reviewed by the Court of Appeals:

"Was the order of the Supreme Court, as affirmed by this Court, properly made?"

This Court further certifies that its determination was made as a matter of law and not in the exercise of discretion.

ENTER

JOSEPH J. LUCCHI

Clerk

APPENDIX F

AGREEMENT OF LEASE, made as of this 23rd day of November, 1971 between

SONS OF THE REVOLUTION IN THE STATE OF NEW YORK, INC., a New York membership corporation, having an office at 54 Pearl Street, New York, New York, party of the first part, hereinafter referred to as LANDLORD, and

NORDEN RESTAURANT CORP., a New York corporation, having an office at 54 Pearl Street, New York, New York, party of the second part, hereinafter referred to as TENANT.

WITNESSETH: Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the premises described in paragraph 38-A of the rider attached hereto and made part hereof for the term of (or until such term shall sooner cease and expire as hereinafter provided) to commence

on the 1st day of December nineteen-hundred and seventy-one, and to end on the 30th day of November nineteen hundred and eighty-five both dates inclusive at an annual rental rate reserved in paragraph 39-A and additional rent as herein provided.

. . . .

41. Tenant may place a sign on the front of the building at 58 Pearl Street to read "Fraunces Tavern Cocktail Lounge", said sign to be of a colonial design, and otherwise subject to the approval of Landlord, which approval shall not be unreasonably withheld, as to the size, design and location of said sign.

Tenant may also place a sign on the front of the building known as 26 Water Street provided it first secures the written approval of the Landlord as to the size, design and location of said

sign and what is to be printed thereon. Before erecting any such sign, Tenant,at its cost and expense, will secure any permit that may be required by the governmental authorities having jurisdiction for the construction, installation and maintenance of any such signs.

. . . .

47. Tenant covenants and agrees that in any and all advertising of the business of Tenant conducted in or from the Demised Premises whether through written, typewritten, mimeographed or printed circulars, radio programs, notices in the public press and publications, signs or by means of any other advertising media, Tenant will in no way state or imply that the building or buildings owned and maintained by Landlord are in any way the property of Tenant or of the restaurant operated by it in the Demised Premises.

Tenant further covenants and agrees that it will not alter or distort the account of any historical fact respecting the Demised Premises or the buildings of which they are a part in any of its advertising through any of the above described media or through any other media. Advertising material used and paid for by Tenant should describe the business of Tenant conducted in the Demised Premises described in lease dated November 22, 1965 only as "Fraunces Tavern Restaurant" . . . The right to use the name "Fraunces Tavern Restaurant" in connection with Tenant's business shall be limited to the restaurant business conducted in the Demised Premises and to no other business or location and such right shall terminate upon the expiration or earlier termination of this lease.

APPENDIX G

STOGOP REALTY CO., INC., and Others, Appellants, v. MARIE ANTOINETTE HOTEL COMPANY, Respondent

First Department, July 6, 1926

(217 AD 555)

[headnotes omitted]

APPEAL by the plaintiffs, Stogop Realty Co., Inc., and others, from a judgment of the Supreme Court in favor of the defendant, entered in the office of the clerk of the county of New York on the 1st day of July, 1924, upon the report of a referee appointed to hear and determine the whole issues.

[Appearance of counsel omitted]

WAGNER, J.

This action was brought to enjoin the defendant from using the name Marie Antoinette, or any simulation thereof, in connection with an hotel, and to secure

relief specified in the complaint. The facts in this record are practically undisputed and the only question before the court is one of law.

In 1892 one William L. Flanagan owned the premises at the northwest corner of Sixty-sixth street and Broadway in the city of New York. During the years 1893 and 1894 he erected a building upon these premises, which was specially constructed for the purposes and uses of an hotel. During the course of construction Mr. Flanagan determined to adopt and to appropriate the name "Marie Antoinette" to designate this hotel building, and with this purpose in view caused such name to be cut into the stone work over the entrance to the building where it still remains. The initials "M.A." were wrought into the design of the ornamental iron gates and grill work at the entrance to

the building, all of which are still in place and these letters were upon all the door knobs, upon the iron gratings and the elevator doors, upon the lighting fixtures, decorations and on other parts of the building. When completed, the building was an eight-story structure containing approximately 159 guest rooms, excluding bathrooms, and was in all other respects fully and adequately equipped for the operation of a first-class hotel. It was completely furnished by Mr Flanagan, the linens being imported and having a crest with the initials "M.A." woven threin, and the dishes and furniture were also marked with the same letters. After some advertising, the hotel was opened to the public by Mr. Flanagan on October 11, 1894, and for the succeeding eight years, and until October 12, 1902, he or his representatives conducted the establish-

ment as an hotel. During this period it was the only hotel in New York known by that name.

On July 19, 1901, said Flanagan, the owner, made a deed of his property, including the Hotel Marie Antoinette, to certain trustees under which deed the trustees became the owners in fee of said hotel premises and the owners and proprietors of the hotel business. This deed was accompanied by a declaration of trust which provided, among other things, that the trust deed should become void upon the death of William L. Flanagan. This occrred on January 18, 1903.

Prior to 1903 there was a vacant lot to the north of the"Hotel Marie Antoinette" at the southwest corner of Sixty-seventh street and Broadway, which lot, together with the "Hotel Marie Antoinette" building just described, covered the

entire frontage on the westerly side of Broadway which lot, together with the "Hotel Marie Antoinette" building just described, covered the entire frontage on the westerly side of Broadway between Sixty-sixth and Sixty-seventh streets. The Sixty-seventh street lot was owned by a New York corporation known as the Boulevard Corporation.

On February 19, 1902, a lease for tewnty-one years was made between Albert R. Keen, as lessee, and William L. Flanagan personally and the Flanagan trustees under the deed of trust, as lessors, covering the Sixty-sixth street premises together "with the building thereon erected, known as the Hotel Marie Antoinette, together with the right to the party of the second part [lessee] to the exclusive use of the name 'Marie Antoinette' for the purposes of said hotel,

together with all the personal property therein contained, an inventory of which is to be hereto annexed signed by the parties hereto, with the appurtenances, for the term of 21 years from the 1st day of October, 1902."

Among other provisions, this lease contained the following:

"It is hereby agreed between the parties hereto that connections may be made between the said premises and the adjoining building to be erected on the north thereof in such locations as the said party of the second part [lessee] may deem desirable, but on plans submitted to the parties of the first part by the party of the second part and approved by them; provided, however, and it is hereby agreed, that the above leased premises shall be restored to their original condition by and at the expense of the party of the

second part at the expiration or earlier termination of this lease or a renewal thereof.

"It is further agreed by and between the parties hereto at the termination of this lease or any renewals thereof which may be agreed upon that the name 'Marie Antoinette' and the right to use the same shall revert to and become the sole property of the parties of the first part [lessors], their successors or assigns ***

"And the said party of the second part [lessee] further covenants and agrees to use said premises for the purposes of a first-class hotel and for no other purpose."

By another instrument in writing, bearthe same date as this lease, executed by the trustees and Flanagan, as parties of the first part and said Albert R. Keen,

as party of the second part, it was provided as follows:

"WHEREAS, as an inducement to the parties of the first part to make and enter into said lease with the party of the second part, the said party of the second part hereby agrees to procure a lease of premises adjoining the demised premises on the north [67th Street premises], upon which a twelve-story hotel is to be erected, which said lease, together with the lease of the hotel Marie Antoinette are to be assigned to a company or corporation to be organized by the said party of the second part on or before October 1st, 1902, ***

"NOW, THEREFORE, for an in consideration of one dollar *** the parties of the first part hereby consent to the assignment of the lease of said hotel Marie Antoinette by the party of the

second part to the said corporation so to be formed.

"The said party of the second part hereby agrees to organize and incorporate said corporation on or before October 1st 1902, and to assign the lease of said hotel Marie Antoinette, together with the lease of the aforesaid adjacent premises to said corporation.

"The party of the second part further agrees that upon the organization of said corporation, he will procure said corporation to accept assignments of said leases, and to assume and agree to pay the rents reserved therein and to keep and perform all the covenants therein contained, and contained in this agreement." (Brackets ours.)

Mr. Keen complied with the provisions of this agreement and obtained a lease for twenty-one years of the Sixty-seventh

street premises, which, on March 4, 1902, he assigned to the defendant herein, Marie Antoinette Hotel Company. To this company he also assigned the lease of "Hotel Marie Antoinette" (the Sixty-sixth street premises) by an assignment jointly executed by Keen and the defendant. By such instrument the defendant does "assume and agree to perform, fulfill and carry out the agreements, covenants, conditions and provisions which in the said indenture of lease are by the said Albert R. Keen agreed to be performed."

It is, therefore, apparent that when the lease was made, defendant's assignor, and thereafter defendant, had notice and expressly agreed that their right to use the name "Marie Antoinette" would cease and terminate at the end of such lease.

From and after October 1, 1902, the

defendant hotel company managed and operated the "Marie Antoinette Hotel", established at Sixty-sixth street and Broadway. About April 15, 1903, a twelve-story hotel building having been erected on the Sixty-seventh street premises, adjoining the "Marie Antoinette Hotel," connections were made between the two structures and the new building was advertised and announced as "the new addition to Hotel Marie Antoinette."

The two buildings were jointly operated by the defendant as the "Marie Antoinette Hotel" until October 1, 1923, when the lease covering the orignal "Marie Antoinette Hotel" premises expired, and was not renewed.

Since October 1, 1923, the defendant corporation has continued operating an hotel in the structure at Sixty-seventh street and Broadway, and in connection

therewith is using the name "Hotel Marie Antoinette." An electric sign, about six feet high by thirty feet long illuminated at night and displaying the name "Hotel Marie Antoinette," has been maintained on the roof of the defendant's Sixty-seventh street building. The defendant has distributed and used stationery designating such premises as the "Hotel Marie Antoinette." Defendant has caused the name "Hotel Marie Antoinette" with the address of its premises, to appear in the telephone book. The stationery used by defendant after October 1, 1923, contained pictures purporting to show that its hotel covers the entire Broadway block between Sixty-sixth and Sixty-seventh streets. Confusion has necessarily resulted in the delivery of mail and prospective guests and others have been mistaken as to which of the two

buildings is the Hotel Marie Antoinette.

The plaintiffs Stogop Realty Co., Inc., and Aloumor Realty Corporation are the owners in fee of the Sixty-sixth street premises, each owning an undivided one-half thereof, and claim to be possessed of all the right, title and interest of William L. Flanagan, the original owner, by reason of certain conveyances to them hereinafter described, the lease of February 19, 1902, and the undisputed facts in evidence, and in consequence to have the exclusive right to the use of the name Hotel Marie Antoinette. By this action they seek permanent injunction against the use by defendant of such name or any simulation thereof in connection with an hotel.

William L. Flanagan upon his death, on January 18, 1903, left a will which was duly probated, in which he devised

one-half of his property to his son, William L. Flanagan, Jr., and the other one-half thereof to trustees named in his will. By mesne conveyances, which we deem unnecessary to enumerate, an undivided one-half of theSixty-sixth street premises was eventually conveyed to the plaintiff Stogop Realty Co., Inc., by a conveyance dated January 25, 1921, and the other undivided one-half of said premises was eventually conveyed to the plaintiff Aloumor Realty Corporation by a conveyance dated April 11, 1921, since which respective dates these plaintiffs have been the owners in fee of such premises. To them the defendant Marie Antoinette Hotel Company thereafter paid the rent reserved under the lease dated February 19, 1902, until its expiration on October 1, 1923. The Aloumor Realty Corporation also obtained an assignment to it

of the said lease of February 19, 1902. As the property had been conveyed with the appurtenances,without reservation, even without such formal assignment of lease, the deed effectually transferred all the grantor's rights in and under the unexpired lease. (Real Prop. Law, §223; Proctor Troy Properties Co. v. Dugan Store, 191 App.Div. 685).

The deeds of conveyance in the chains of title to the said plaintiffs convey the Sixty-sixth street premises by metes and bounds and do not specifically describe the premises as the "Hotel Marie Antoinette," nor do any of said deeds by specific words grant or convey the right to the use of the name "Hotel Marie Antoinette." Each of said deeds in the chains of title, however, has the statutory phrase: "Together with the appurtenances and all the estates and rights of

the party of the first part [grantors] in and to said premises."

The plaintiff Marie Antoinette Realty Company, Inc., is a New York corporation, incorporated February 9, 1923, and at the commencement of this suit November 13, 1923, was in possession of the Sixty-sixth street premises as lessee under a lease for a term of twenty-one years commencing October 1, 1923. This was a lease made by the plaintiff owners dated February 5, 1923, to one Morris Tobias, and Tobias thereafter assigned this lease to the plaintiff Marie Antoinette Realty Company, which corporation took possession of the demised premises on October 1, 1923, when the lease to the defendant hotel company expired. On or about December 15, 1923, and prior to the close of the trial herein the plaintiff realty company, as lessee, was dispossessed and accordingly has no

further interest in this suit.

This twenty-one-year lease to Tobias, dated February 5, 1923, leased the premises at the northwest corner of Sixty-sixth street and Broadway, being known as the Hotel Marie Antoinette, to be used and occupied as an apartment hotel and for business or stores on the ground floor, together with the right, if any, of the landlords, to the exclusive use of the name "Marie Antoinette" in connection with the use of said premises.

The Tobias lease further provided: "Tenant agrees that on or before September 30, 1924, he will at his own proper cost and expense in a good and workmanlike manner, and in accordance with plans and specifications, make and complete all such alterations, additions and improvements to the building now erected upon the demised premises as shall be approp-

riate to change and alter the building into a business and apartment hotel, which shall contain stores on the ground floor and one, two and three room apartments, each apartment with a bath, on each of the other floors throughout the building."

With the permission of the then owners of the Sixty-sixth street premises, shortly after 1903, the heating and power plant, the kitchen and dining room and other incidental hotel equipment had been removed from the Sixty-sixth street premises, and the ground or street floor had been altered for store use, leaving the upper floors of the Sixty-sixth street premises divided into apartments for guests, and prior to October 1, 1923, the date of the expiration of the Keen lease, the furniture, furnishings and certain other personal equipment located in the Sixty-sixth

street premises had been sold by the Flanagan interests by formal bills of sale to the defendant hotel company.

Immediately after October 1, 1923, the plaintiffs herein, as owners of the Sixty-sixth street premises, proceeded with alterations and repairs in order to make the Sixty-sixth street premises an hotel complete in itself, and divided it into suites of rooms, and advertised it in the newspapers as an apartment hotel under the name of the Marie Antoinette Hotel.

The plaintiffs claim that Mr. Flanagan, as the owner of the premises, by his acts appropriated and established the name "Hotel Marie Antoinette" for the hotel premises at the southwest corner of Sixty sixth street and Broadway; that the lease of February 19, 1902, specifically grants to the lessee the right or license to use the name "Marie Antoinette," in connec-

tion with the hotel business merely for the term of twenty-one years. Further, that they are the successors by duly executed deeds of conveyance, of all the right, title and interest of William L. Flanagan in the said Sixty-sixth street premises, and that such right, title and interest includes the use of the name "Marie Antoinette Hotel" exclusively in connection with such premises.

This building was specially constructed by Mr. Flanagan for use as an hotel. Before its completion he selected and appropriated for it the name "Hotel Marie Antoinette." For eight years from its completion Mr. Flanagan operated the premises as the "Hotel Marie Antoinette" and during that period it was the only hotel premises conducted under that name in the city of New York. It is our opinion that the name "Marie Antoinette"

thereby became appurtenant to and inseparably connected with the said premises, was a valuable property right and interest, formed an element in the value of the hotel premises in the nature of a trade-mark and belonged to the owner of the premises.

It has been decided that the name established for a hotel is a trade-mark in which the proprietor has a valuable interest which a court will protect. (Howard v. Henriques, 5 N.Y. Super. Ct. [3 Sandf] 725; Martell v. St. Francis Hotel Co., 51 Wash. 375; O'Grady v. McDonald, 72 N.J. Eq. 805; Busch v. Gross, 71 id. 508; Mitchell v. Read, 19 Hun, 418; Marsh v. Billings, 7 Cush. 322; McCardel v. Peck, 28 How. Pr. 120; Mark Realty Corporation v. Hirsch, 180 App.Div. 549.)

In Mark Realty Corporation v. Hirsch (supra. 554) Mr. Justice Dowling stated:

"A party will be protected in the use of a name which he has appropriated and rendered valuable, and this rule is not limited to its use as a designation of manufactured goods, but has been applied to the title of a hotel."

When Mr. Flanagan died on January 18, 1903, all his right, title and interest in and to the Sixty-sixth street premises became part of his estate and eventually passed by deeds of conveyance to the plaintiffs herein, who secured title in the year 1921, over two years before the expiration of the said lease.

The defendant contends that the deeds of conveyance to these plaintiffs are wholly insufficient to convey the use of the name "Hotel Marie Antoinette," insisting that this is a name not appurtenant to or part and parcel of the hotel premises at Sixty-sixth street and Broad-

way, but a name attached to the hotel business as distinct from the hotel building itself, the transfer of which would require specific language indicating the transfer and conveyance of such rights to the use of the name, and that such transfer or conveyance is not affected by the statutory language contained in the deeds to these plaintiffs, namely: "Together with the appurtenances and all the estates and rights of the party of the first part in and to said premises."

The scope and meaning of this statutory language is defined in section 255 of the Real Property Law, which reads as follows: "In any grant or mortgage of freehold interests in real estate, the words, 'together with the appurtenances and all the estate and rights of the grantor in and to said premises,' must be construed as meaning, together with all and singular

the tenements, hereditaments and appurtenances thereunto belonging, or in any wise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof, and also all the estate, right, title, interest, dower and right of dower, curtesy and right of curtesy, property, possession, claim and demand whatsoever, both in law and in equity, of the said grantor of, in and to the said granted premises and every part and parcel thereof, with the appurtenances."

The conveyances in question were the transfer and sale of a business site were absolute and unqualified and granted all the right, title and interest of the grantors, successors in title of William L. Flanagan, the original owner. There was no provision in these deeds that the premises purchased should not thereafter

be used by the purchaser for the purposes of an hotel or that the premises should not be called by their old name. These conveyances place these plaintiffs in the same position and situation as would Mr. William L. Flanagan himself have been had he been alive on October 1, 1923, the date of the expiration of the said lease. The proposition of the defendant is that, nevertheless, there still remains vested in the seller an exclusive right to the name, transferable by him as a separate right, and available to the transferee as against the purchaser of the premises and all the world.

It is our opinion that the right to use the name "Hotel Marie Antoinette" was inseparably associated with the Sixty-sixth street premises and passed as an incident with the transfer of the fee of such premises. (Mitchell v. Read, 19 Hun,

418; affd., 84 N.Y. 556.)

English and Scotch courts have considered this precise question and have come to a like conclusion. We consider them very persuasive precedent. (Mason v. Queen, 23 Scot. L.R. 641; King v. Midland R. Co., 17 W.R. 113; Chissum v. Dewes, 5 Russ. 29, 30; Ex parte Punnett, 50 L.J. Ch. 212,214; Great North of Scotland R. Co. v. Mann, 19 Sess. Cas. Sc. [4th Ser. 1891-92] 1035; Boussod, Valadon & Co. v. Marchant, 25 Repts. of Patent Cases, 42 [English]; Llewellyn v. Rutherford, L.R. 10 C.P. 456, 467.)

In Nims on Unfair Competition and Trade Marks (2d ed. §21),concerning the sale of a hotel, the author states: "In such cases he who buys the buildings, or acquires the right to occupy them, will have the right to use the name attaching thereto, in the absence of very explicit

contractual arrangement."

In Hopkins on Trade Marks (4th ed.1924) in speaking of the good will of a hotel, the author states at (p.228): "But when we come to speak of the good will of a public house, it is obvious that it is a thing which is attached to a locality. In accordance with this rule, whenever the good will is local, in the sense of being attached to a particular house or store, it will pass with a sale of the lease of the trading premises, or the sale of a public house."

The rule is also stated in Halsbury's Laws of England (Vol. 27, p.755 §1336) as follows: "Where a place of business is sold, even without the good will, the right to use the name of that place usually passes to the purchaser, particularly if the name is carved on or affixed to the building."

The right of the defendant here to use the name Marie Antoinette in connection with any hotel business is measured by the terms of the lease dated February 19, 1902. It was a mere temporary right or license to use the name Marie Antoinette for a definite period of time, namely, during the term of twenty-one years specified in the lease. By the express terms of this lease, at its expiration on October 1, 1923, the right of the defendant corporation to use the name Hotel Marie Antoinette in connection with hotel business ceased and reverted to the owners of the leased premises, who at that time were these plaintiffs.

In Chittenden v. Witbeck (50 Mich.401), which is cited with approval in People ex rel. Johnson Co. v. Roberts (159 N.Y. 70, 81), it was held, Judge Cooley writing the opinion: "Good-will is the favor

which the management of a business wins from the public, and the probability that old customers will continue their patronage. But it attaches to the property, and in the case of a lease belongs to the lessee only during its continuance, and on its expiration reverts to the lessor; and in fixing rent the lessor can take it into the account as giving the property a part of its value."

In Llewellyn v. Rutherford (L.R. 10 C.P. 456) Cnief Justice Lord Coleridge stated (at p. 467): "Here is a public house in which a thriving business has been carried on, having attached to it that which has been variously described as good will, -- a thing which has an appreciable value and is every day bought and sold. That good will the tenant is about to forego. In the absence of a stipulation to the contrary, it would be

and increased value of the premises, which on the tenant's going away would enure to the benefit of the landlord; he might let them for an increased rent or he might obtain a premium. In the absence of a stipulation, the tenant could derive no advantage from such increased value. The end of the term having arrived, all he could take away would be the stock in trade and the tenant's fixtures. The good will is lost to him."

There is abundant evidence in the record that since October 1, 1923, the present owners have proceeded to restore the Sixty-sixth street premises, so that the same could be operated independently as an hotel. Immediately upon the termination of the Keen lease on October 1, 1923, the plaintiffs inserted advertisements in the daily papers stating that the "Hotel Marie Antoinette" at Broadway

and Sixty-sixth street, northwest corner, offered one, two or three rooms and bath furnished or unfurnished, on yearly lease, with immediate possession.

The alterations required the construction of a new entrance on Broadway, alterations in the lobby and sitting room and the installation of kitchens, dining rooms, power and lighting plant, in other words, the making of the Sixty-sixth street premises into a complete, separate hotel unit. Plans and specifications covering these and other necessary changes were filed in the proper municipal departments. Under the Tobias lease the lessors secured a surety company bond for $50,000 to insure the making of these repairs and alterations, which through no fault of the plaintiffs had not been completed when the trial of this case finished near the end of December, 1923.

The fact remains that the plaintiffs were proceeding with reasonable diligence to make such alterations and repairs for the purpose of using and renting the premises as an hotel under the name "Hotel Marie Antoinette." There is no merit in the suggestion that the present owners abandoned the purpose of using these premises as an hotel under such name. Nor does the fact that the premises were to be divided up into suites of one, two and three rooms and baths, rather than into single rooms, warrant the conclusion that they were intended to be used and conducted by the plaintiffs merely as an apartment house, rather than as an hotel; there are many so-called apartment hotels in New York City, properly designated as hotels and not as apartment houses.

The plaintiffs in their complaint also ask relief that the registration by de-

fendant of the name "Marie Antoinette", granted on defendant's application by the Secretary of State of New York on July 17, 1923, be revoked and canceled. This relief should be afforded to the plaintiffs.

The judgment appealed from should be reversed, with costs, and judgment entered in favor of the plaintiffs for the relief asked for in the complaint, except for an accounting of profits, with costs to the plaintiffs.

Clarke, P.J., Merrell and Finch, JJ, concur; Martin, J., dissents.

Judgment reversed, with costs, and judgment entered in favor of the plaintiffs for the relief asked for in the complaint, except for an accounting of profits, with costs to the plaintiffs. Settle order on notice.

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No. 80-1959

IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

NORDEN RESTAURANT CORPORATION,
Petitioner,

against

SONS OF THE REVOLUTION IN THE STATE OF NEW YORK,
Respondent.

BRIEF ON BEHALF OF RESPONDENT IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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No. 80-1959

IN THE

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OCTOBER TERM, 1980

NORDEN RESTAURANT CORPORATION,

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-against-

SONS OF THE REVOLUTION IN THE STATE OF NEW YORK, INC.,

Respondent.

BRIEF ON BEHALF OF RESPONDENT IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

STATEMENT OF THE CASE

Respondent, Sons of the Revolution in the State of New York, Inc., respectfully submits this Brief in opposition to a petition by Norden Restaurant Corporation for issuance of a writ of certiorari to the Court of Appeals of the State of New York.

The writ is requested upon Petitioner's question whether the Court of Appeals' decision dated December 22, 1980 directing entry of partial summary judgment enjoining Petitioner's use of the name "Fraunces Tavern" so as to require compliance with the terms of a lease between it, as tenant, and Respondent, as landlord, for operation of a restaurant in Respondent's building known as Fraunces Tavern, would deprive Petitioner of property without due process of law such as is guaranteed under the Fourteenth Amendment to the United States Constitution. The Court of Appeals decision

comprises a factual determination under the summary judgment provision of New York's Civil Practice Law and Rules, §3212, that as between these parties Respondent owns the Fraunces Tavern name.

References are to the Record in the Court of Appeals, and are designated ("R__").

Respondent owns a building located at 54 Pearl Street in the City of New York (R. 29, 169-172), and known since the 18th Century as Fraunces Tavern (R. 93, 107, 173-198, 211, 214). Fraunces Tavern was built as a private residence in the first half of the 18th Centrury (R. 186, 192, 197, 214). It was converted to use as a tavern in the latter 1700's by a proprietor surnamed "Fraunces" (R. 186, 192, 197, 214), "dinners and suppers being served 'not only to the lodgers but to those who lived at a convenient distance.'" (R. 192). The building then came to be known, and has since been known as "Fraunces Tavern" (R. 186, 192, 197, 214). It is now designated an

historical landmark by the City of New York (R. 214), as is stated in the Lease between the parties (R. 93).

Respondent is a New York not-for-profit corporation organized (originally without corporate form) in Fraunces Tavern in the latter half of the 19th Century (R. 29, 51). Respondent acquired title to Fraunces Tavern in 1904 (R. 169-172); and the deed included the grant of the appurtenances to title of the premises (R. 171, 171A-171B). Respondent thereafter restored the building to, and has since maintained the building in a condition closely approximating the original tavern architecture and appearance (R. 29, 107, 186, 190, 196, 214). Respondent later acquired ownership of neighboring buildings (R. 246, 250), which are now interconnected with Fraunces Tavern (R. 29, cf. R.227). Respondent operates a museum showing Revolutionary War memorabilia in Fraunces Tavern and adjoining premises; and it also maintains its offices

there (R. 29, 193-194, 214). Respondent rents out portions of the Fraunces Tavern Complex. It has rented portions of Fraunces Tavern to several lessees since 1907 for operation of a tavern and restaurant in the premises (R. 173, 174, 180); and Petitioner is the current restaurant lessee, by Lease dated as of January 1, 1977 (R. 67).

Petitioner operates its restaurant under the name "Fraunces Tavern Restaurant" (R. 69) in the portions of Fraunces Tavern and adjoining buildings which it occupies pursuant to its Lease from Respondent (R. 66 et seq.). The Lease was negotiated to supplant a prior, unexpired lease between the parties (R. 256), and both parties were represented by counsel during the months of negotiations (R. 30-31). The Lease grants Petitioner a license to use the name in the "...Restaurant" form only, and requires further, written permission from Respondent if Petitioner seeks to use any other

name in the premises. The Lease states (R. 69):

> Section 3.04. the business conducted by Tenant in the premises is only to be conducted under the name 'Fraunces Tavern Restaurant' or such other name as Landlord shall from time to time approve in writing pursuant to the request of Tenant.

The Lease further provides that Petitioner's use of the "Fraunces Tavern" name extends no further than the scope of the Leasehold, in geography and in time (R. 107):

> Section 40.01.
>
> * * *
>
> The right to use the name 'Fraunces Tavern Restaurant' in connection with Tenant's business shall be limited to the restaurant business conducted in the premises and to no other business or location, and such right shall terminate upon the expiration or earlier termination of this Lease.

Lease Section 6.02 provides (R. 76), "[Respondent] reserves the right to name the Building."

The Lease contains provisions which give Respondent the right to control Petitioner's conduct of its restaurant business

in terms of quality, taste and fashion, provisions which are calculated to ensure that the operation is in keeping with the historic character of Fraunces Tavern (R. 93-96, 107, 157-58). Similar provisions have been actively enforced by Respondent against Petitioner under the prior lease as recently as the year preceding negotiation of the current Lease (R. 261-266).

Petitioner took over operation of the restaurant as a going concern, using the "Fraunces Tavern" name (R. 29-30, 227). The father of Petitioner's president was a prior restaurant lessee since about 1937 (R. 227). He, too, took over operation of the restaurant as a going concern, using the previously established "Fraunces Tavern" name (R. 29-30, 173-198, 211, 214). The record contains excerpts from restaurant and travel guides from the decades prior to 1937 which show that the restaurant was then operated under the name "Fraunces Tavern" (R. 178, 179, 181), and

further show that restaurant operations were conducted under the supervision and control of Respondent as early as 1925 (R. 197).

In October of 1977, during the aforesaid lease negotiations, but without informing Respondent, Petitioner filed an application to register the "Fraunces Tavern" name for Petitioner's benefit with the United States Patent and Trademark Office (R. 33-34, 199).

By letter dated June 19, 1978 (R. 124), Petitioner asked Respondent's approval of construction plans for a cloakroom, stating:

> The enclosure will have two display areas, one for cigars, the other for tasteful items offered for sale without a 'Fraunces Tavern' inscription, except the 'Fraunces Tavern' restaurant service plate.

By letter dated July 17, 1978 (R. 125), Petitioner approved the proposed construction plans subject to the following conditions:

1) Such construction and subsequent use would be without expense or liability to the Sons of the Revolution in the State of New York, Inc.;

2) Cigar and the "Fraunces Tavern" service plate which is presently sold can be offered for sale in the new display areas;

3) No other item will be displayed for sale unless prior specific written approval has been obtained from the Sons of the Revolution in the State of New York, Inc., in accordance with the terms of the Lease, which approval may be granted or withheld in our sole discretion;

4) No items except the above-mentioned service plate will bear the labels or inscriptions which include the words "Fraunces Tavern".

Respondent continued in its letter to reaffirm its rights to use and to license the use of the "Fraunces Tavern" name on merchandise, and to exercise control over the type of merchandise which would be "appropriate to Fraunces Tavern". Petitioner was requested to signify agreement by executing a copy of Respondent's letter.

Respondent discovered Petitioner's federal service mark application when a trademark attorney told it that notice thereof was published in the Official Gazette of the Patent Office on August 22, 1978 (R. 34). Respondent thereafter sought to oppose Petitioner's said application (R. 34); but the opposition papers were unfortunately rejected for late filing.

Under cover letter dated September 21, 1978 (R. 147), Petitioner responded to Respondent's July 17, 1978 letter by offering an "interim agreement," which it formulated (R. 145-146) by crossing out Respondent's conditions 3 and 4 (quoted above). Respondent replied a week later by rejecting Petitioner's proposed changes (R. 148).

SUMMARY OF ARGUMENT

The writ of certiorari should not issue, because no issue of constitituional dimension is presented in this case. The decision of the Court of Appeals of the State of New York is based upon its legal interpretation of a contract between the parties, and is founded upon consistently applied principles of common law and, to the limited extent applicable, of federal trademark law. New York's summary judgment statute permits submission of pertinent proofs by all parties and is constitutionally unobjectionable. No property right is invaded; and no exceptional circumstance appears such as might warrant this Court's de novo review of the facts and law.

ARGUMENT

POINT I.

THE PARTIAL SUMMARY DETERMINATION HEREIN IS BASED ON UNDISPUTED, SUFFICIENT FACTS SHOWN OF RECORD

The record of this commercial landlord and tenant case established the operative facts necessary to a final determination of ownership, beyond or without dispute. The Lease between the parties is in writing, between corporations, and executed by the parties to be charged. There is no allegation of fraud, mistake or adhesion in the making of that contract. Respondent's title to the building is a matter of public record. The history of Respondent's restoral of the building and the conduct of the restaurant business therein under Respondent's aegis prior to any connection of Petitioner with the premises is shown by ancient, undisputed publications. The Court of Appeals' decision, based upon its interpretation and holding that the Lease unambiguously places ownership of the

Fraunces Tavern name with Respondent, is consistent with the usual practices of the New York courts on summary judgment motions, and is in accord with the federal precedents for summary determination of trademark disputes.

Where the rights and duties of the parties are set forth in a written, binding document, it is appropriate to summarily determine a dispute concerning the same. It is for the court to ascertain whether the document in question suffers from ambiguity; and, if not, the interpretation thereof is made by the court as a matter of law. George Backer Management Corp. v. Acme Quilting Co, Inc., 46 N.Y. 2d 211 (1978); Breed v. Ins. Co. of North America, 46 N.Y. 2d 358 (1978); Long Island R.R. Co. v. Northville Industries Corp., 41 N.Y. 2d 455, 461 (1977); Senrow Concession, Inc. v. Shelton Properties, Inc., 10 N.Y. 2d 320 (1961); Bethlehem Steel Co. v. Turner Const. Co., 2 N.Y. 2d 456 (1957); Janos v. Peck, 21 A.D. 2d 529, 251 N.Y.S. 2d 254 (App.

Div., 1st Dept., 1964); aff'd 15 N.Y. 2d 509 (1964).

Where a party enters into a written contract and accepts the benefits provided to it therein, it should not be surprised when the document is held to govern and define the extent of its rights. Petitioner did not argue below that the Lease terms quoted in the Statement of the Case, above, and in the Court of Appeals decision would be ambiguous in any respect. The interpretation Petitioner offers at pp. 18-22 was not even suggested by Petitioner until it moved for reargument to the Court of Appeals. The suggested interpretation violates grammer, common sense, and the canons of contract construction customarily employed in the courts of New York. Corhill v. S.D. Plants, Inc., 9 N.Y. 2d 595, 599 (1961); General Electric Co. v. Hatzel & Buchler, Inc., 19 A.D. 2d 40, 43 (App. Div., 1st Dept., 1963); aff'd. 14 N.Y. 2d 639 (1964).

Likewise, contractual or similar consensual bases for decision are consistently held to warrant summary determination of trademark disputes in the federal courts of appeal, even, in a proper case, whether the opposition is placed upon an allegation of usage, Wells Cargo, Inc., v. Wells Cargo, Inc., 606 F. 2d 961 (C.C.P.A., 1979); Danskin, Inc. v. Dan River, Inc., 498 F. 2d 1386 (C.C.P.A., 1974); Beer Nuts, Inc. v. King Nut Co., 477 F. 2d 326 (6 Cir., 1973), cert.d., 414 U.S. 858 (1973), or even upon a federal registration, Spencer v. VDO Instruments, Ltd., 232 F. Supp. 735, 739 (E.D. Mich., 1964), aff'd., 352 F. 2d 784 (6 Cir., 1965). State law controls the issue of trademark ownership in actions based on common law. Parfums LeGalion v. Jean Patou, Inc., 495 F. 2d 1265 (2 Cir., 1974); United States Jaycees v. San Francisco Jr. Chamber of Commerce, 354 F. Supp. 61 (N.D. Cal., 1972), aff'd 513 F. 2d 1226 (9 Cir., 1975); Turner v.

H.M.H. Publishing Co., 380 F.2d 224 (5th Cir., 1967).

That a licensee's use of a mark or tradename is attributed to its licensor; and that a licensee is estopped from disproving its licensor's ownership of the licensed name are principles commonly applied in federal and New York state courts. Beer Nuts, Inc., supra; Heaton Distrib. Co., Inc. v. Union Tank Car Co., 387 F.2d 477 (8th Cir., 1967); cf., Professional Golfers Ass'n v. Bankers Life & Cas. Co., 514 F.2d 665, 668-669 (5th Cir., 1975); cf., Pike v. Ruby Foo's Den, 232 F.2d 683, 686 (D.C. Cir., 1956); Distillerie Flli Ramazotti, S.P.S. v. Banfi Products, Inc., 52 Misc.2d 593, 276 N.Y.S.2d 413 (Sup., N.Y. Co., 1966), aff'd, 27 A.D.2d 905, 280 N.Y.S.2d 892 (App. Div., 1st Dept., 1967); Laurer Brewing Co. v. Ehresman, 127 App. Div. 486, 111 N.Y.S. 266 (App. Div., 3rd Dept., 1908), Stopgop Realty Co. v. Marie Antoinette

Hotel Co., 217 App. Div. 555, 217 N.Y.S.2d 106 (App. Div., 1st Dept., 1926). The latter principle is derived from the ancient rule of property law by which a lessee is estopped from disputing his lessor's title. Farnsworth v. Boro Gas & Oil Co., 216 N.Y. 40, 46-47 (1915); Tilyou v. Reynolds, 101 N.Y. 558 (1888); Vernan v. Smith, 15 N.Y. 327 (1857).

POINT II.

THE SUMMARY JUDGMENT STATUTE OF NEW YORK IS NOT UNCONSTITUTIONAL

New York's summary judgment statute, C.P.L.R. §3212, provides, as do the laws of most of its sister states, for the expeditious determination of judicial controversies where it appears, upon sufficient opportunity for the parties to set forth purportedly disputed issues and to marshall the evidence pro and con, that there is no material issue of fact to be determined. Such procedures have been

upheld as constitutional even as against the right of jury trial specifically guaranteed in the Seventh Amendment to the United States Constitution (of course, that guaranty does not apply in this equity case, relegating Petitioner to its present invocation of the general provisions of the Fourteenth Amendment). Ex Parte Petersen, 253 U.S. 300, 310, 64 L. ed.2d 919, 40 S.Ct. 543 (1920):

> "No one is entitled in a civil case to a trial by jury unless and except so far as there are issues of fact to be determined."

The constitutionality of New York's summary judgment statute has been upheld against challenge under both the Seventh Amendment guaranty of right to trial by jury and the Fourteenth Amendment guaranty against deprivation of property without due process of law. Stewart v. Ahrens, 273 N.Y. 591 (1937); Diamond v. Davis, 38 N.Y.S.2d 103, 130 (Sup., N.Y. Co., 1942); aff'd 265 App. Div. 919, 39 N.Y.S.2d 412; aff'd 292 N.Y. 552 (1944).

New York's statute is similar in prerequisites and effect to federal summary judgment provisions, F.R.C.P. Rule 56, as applied by this Court. First Nat'l Bank v. Cities Service Co., 391 U.S. 253, 20 L.ed.2d 569, 88 S.Ct. 1575 (1968).

POINT III.

THE RESOLUTION OF THIS ACTION ON PRINCIPLES OF STATE COMMON LAW AND PROCEDURE THREATENS NO CONSTITUTIONALLY PROTECTED INTEREST

The instant petition requests this Court to conduct a de novo review of the record, and to independently determine the correctness and wisdom of the decision of the highest court of the State of New York, rendered upon the evidence submitted by the parties in pursuit of New York's procedural statutes upon application of substantive principles of New York's common law. This Court reserves the power to review the

decisions of state courts, so as to ensure that constitituional guaranties are not violated. This case does not present the slightest occasion for exercise of that rarely invoked power of review. The four cases cited at p.50 of Petitioner's argument stand firmly in support of that conclusion in result, in reasoning and in the several included aspects of federalist policy. Board of Regents v. Roth, 408 U.S. 564, 33 L.ed.2d 548, 96 S.Ct. 2701, (1972); Perry v. Sinderman, 408 U.S. 593, 33 L.ed 570, 92 S.Ct. 2694 (1972); Milkwagon Drivers Union v. Meadowmoor Dairies, 32 U.S. 287, 85 L.ed 836, 61 S.Ct. 552 (1941); Lee v. Central of Georgia R.R. Co., 252 U.S. 109, 64 L.ed 482, 40 S.Ct. 254 (1920).

Board of Regents v. Roth and Perry v. Sinderman were considered together upon assertions by college teachers that their state employers had terminated their employment without specifying any charges or providing a

hearing, and that such traversed rights of free speech and property protected under the Fourteenth Amendment. In Roth's case, where the contract of the teacher provided him no right to further employment, summary judgment dismissing the claims under the due process guaranties of the Fourteenth Amendment was directed to be entered by this Court, holding at 408 U.S. 564, 577, 33 L.3d 2d 548, 560:

> To have a property interest in a benefit, a person must have more than a need or desire for it. He must have more than a unilateral expectation of it. He must, instead, have a legitimate claim of entitlement to it . . . . Property interests, of course, are not created by the Constitution. Rather, they are created and their dimensions are defined by existing rules or understandings that stem from an independent source such as state law -- rules or understandings that secure certain benefits and support claims of entitlement to those benefits.

As Justice Berger, concurring in Perry, summed up the central holding of both cases, at 408 U.S. 593, 603; 33 L.ed 2d 570, 581; ". . . The

relationship between a state institution and one of its teachers is essentially a matter of state concern and state law."

In the Milkwagon Drivers Union case, this Court rejected the argument that an injunction against peaceful picketing in a labor dispute marked by repeated instances of violence would violate the Fourteenth Amendment guaranty of freedom of speech holding, at 312 U.S. 287, 294, 85 L.ed 836, 841:

> It is not for us to make an independent evaluation of the testimony before the master. We have not only his findings but his findings authenticated by the State of Illinois speaking through her Supreme Court. We can reject such a determination only if we can say that is so without warrant as to be a palpable invasion of the constitutional guaranty here invoked.

Likewise, the Court continued at 312 U.S. 287, 296, 85 L.ed 836, 843:

> . . . we do not have supervisory power over state practice, provided such practice is not used to evade constitutional guaranties. See, Fox River Paper Co. v. Railroad Comm., 274 U.S. 651, 655, 71 L.ed 1279, 1283, 47 S.Ct. 669; Long Sault Development Co. v. Call, 242 U.S. 272, 277, 61 L.ed.

294, 299, 37 S.Ct. 79. We are here concerned with the power and not the wisdom of its exercise.

The Lee case held that the state's determination to try a claim under the federal railroad employees compensation statutes separately from a related tort claim did not violate any constitutionally protected rights to trial of the issues. The basis of the decision was that the state courts ordinarily make the final determination concerning procedure and practice in matters within their jurisdictions.

The instant case involves a dispute between private parties arising out of their contractual relationship. The decision below is based upon the documented terms of that relationship, upon proofs submitted to the state court in conformance with New York's regular procedures. The decision of the state's highest court is true to the undisputed proofs submitted, and based upon principles of

property and contract law long established in New York. There is not the least hint that the Court of Appeals' determination could invade any constitionally protected interest, much less such a "palpable invasion" as would warrant independent review by this Court. There is no element of the case itself or the relationship of the parties which presents inherent constitutional concern. The petition should be denied, and costs and disbursements should be awarded to respondent.

CONCLUSION

FOR THE REASONS SET FORTH ABOVE, THE PETITION SHOULD BE DENIED.

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No. 80-1959

IN THE

Supreme Court of the United States

OCTOBER TERM, 1980

NORDEN RESTAURANT CORPORATION,

Petitioner,

-v-

SONS OF THE REVOLUTION IN THE STATE OF NEW YORK, INC.,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE COURT OF APPEALS OF THE STATE OF NEW YORK

REPLY MEMORANDUM FOR THE NORDEN RESTAURANT CORPORATION

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REPLY MEMORANDUM FOR THE NORDEN RESTAURANT CORPORATION

The Norden Restaurant Corporation's Petition presents an issue of substantial importance with respect to the Constitutional protection of individual property

rights:

> "Whether the Order of the Court of Appeals of the State of New York deprived Petitioner of its valuable property right in the service mark 'FRAUNCES TAVERN For Restaurant Purposes' without due process of law by departing from applicable Federal and State statutory and common law requiring a plenary trial on the merits to resolve material issues of fact developed by the conflicting affidavits and extrinsic evidence which would preclude summary judgment as a matter of law."

Respondent's opposition denies the constitutional dimension and asserts that the decision of the Court of Appeals of the State of New York was based upon legal interpretation of a contract between the parties founded upon consistently applied principles of common law and to a limited extent Federal Trademark Law. Respondent further argues that no property right of Petitioner has been invaded. This Reply Memorandum is addressed primarily to those contentions.

1. Respondent's "Statement of the Case" prejudicially misconstrues the decision of the Court of Appeals of the State of New York together with the facts as contained in the record before that Court. Respondent further makes erroneous and prejudicial statements therein which are totally unsupported by the record in the Court of Appeals.

The sole question before the Court of Appeals of the State of New York was whether or not Special Term had properly denied Respondent's motion for summary judgment on its third counterclaim seeking injunctive relief against Petitioner. (Pet. App. 2A) The erroneous determination by that Court that Respondent owned the service mark "FRAUNCES TAVERN" is contained in the Court of Appeals decision by way of obiter dictum. This determination of service mark ownership was un-

supported by the record; beyond the scope of the jurisdiction of the Court of Appeals as evidenced by its constitutional mandate (Pet. App. 7, 35); as well as in direct contradiction to the Federal statute, New York State Statute, and accepted common law on the issue of trademark ownership.

Petitioner has never disputed that the name of the building owned by Respondent is "FRAUNCES TAVERN". The record, however never indicates when the name became affixed to the building. The numerous historical periodicals referred to in Respondent's statement never supply this information. These periodicals refer to the building as "Fraunces Tavern" but never state when the building became known as such. These periodicals are further conspicuously devoid of the mention of any name under which the restaurant concession

was known prior to the involvement of Petitioner and its predecessor. At best the restaurant concession was referred to as the restaurant at "Fraunces Tavern". These periodicals also refer to the historical concession owned and operated by Samuel Fraunces as either "Queens Head Tavern" or "Queen Charlotte Tavern". (Pet. 8-15) and not as "FRAUNCES TAVERN"!

Petitioner's operation of the restaurant in the Fraunces Tavern complex has been under the name of "FRAUNCES TAVERN" and "FRAUNCES TAVERN RESTAURANT" in open and notorious interchangeable fashion since 1937 without objection by the Respondent until Petitioner commenced litigation in New York Supreme Court.(R226-231). The lease agreement between the parties does not expressly state that Respondent is the owner of the service mark/trademark "FRAUNCES TAVERN For Restau-

rant Purposes", nor does it expressly state that the agreement is a license agreement, or that a license was not granted! Accordingly, Respondent's statement that the lease grants Petitioner a license as contained at page 4 of its Brief is erroneous and misleading.

Lease section 6.02 (R-76) is not germain to the issues before this Court and only applies to Respondent's right to name the building. This lease provision does not extend beyond the building to the restaurant concession therein.

While it is true the Petitioner took over the operation of the restaurant as a going concern, there is no evidence in the record which identifies the name by which the restaurant was known, other than as the restaurant at Fraunces Tavern. The only evidence contained in the record of the restaurant being known as "Fraunces

Tavern" is after the involvement of Petitioner's predecessor. This evidence refers to the use of the name "Fraunces Tavern" as a service mark for the restaurant by both the Petitioner and its predecessor (R227-231). Respondent's statement that Petitioner's predecessor took over the operation of the restaurant previously known as "Fraunces Tavern" is totally unsupported by the record or any references contained therein. None of the restaurant and travel guides which are contained in the record refer to the name under which the restaurant concession at Fraunces Tavern was either called or recognized by the general public.

Petitioner's application for registration of the Federal service mark, trademark "FRAUNCES TAVERN For Restaurant Purposes" was made prior to execution of the lease agreement between the parties.

2. Respondent states that the partial summary determination made by the Court of Appeals was based upon undisputed sufficient facts shown by the record. Respondent's argument is misleading and unsupported by the record. There is no dispute that the Respondent owns the building, or was Respondent responsible for its restoration. However, the record contains no evidence that the Respondent ever operated a restaurant within the building it owned! While there is some evidence that Respondent may have exercised some control over prior restaurant concessionaires, there are no lease provisions or affidavits contained in the record which demonstrate such control.

3. Petitioner's interpretation of the lease agreement as set forth on pages 18 through 22 of the petition herein is both consistent with common rules of grammar,

Canons of Contract Construction, and logic. This is evidenced by the fact that the specific language of the lease agreement never once states that respondent either owns or is entitled to ownership of any name or service mark used in conjunction with the restaurant facility operated within its building. This fact is critical because the lease specifically provides that the agreement between the parties is complete in its written form containing express provisions relevant to the rights and liabilities of the parties within the agreement (R85). Accordingly if the lease agreement does not specifically provide that it is a license agreement or grant a license, or that respondent is the licensor and owner of the service mark in issue, then nothing can be inferred from the agreement to demonstrate that the respondent is the licensor

or owner of the mark in issue.

4. The Court of Appeals award of summary judgment in the proceedings below is inappropriate and inconsistent with both Federal statutory law and State common law on the issue of trademark ownership. The cases relied upon by respondent in its Brief in Opposition relevant to the appropriateness of summary judgment in trademark disputes where contracts are involved are inapt and inapplicable. The case of Wells Cargo, Inc. v. Wells Cargo, Inc., 606 F.2d 961 (CCPA 1959) has no relevance here. Wells Cargo involved an agreement wherein the applicant's predecessor had agreed with the opposer to withdraw its application for registration of a Federal service mark with prejudice. Thereafter, the applicant, despite this agreement, sought to register the mark. The Court held that, as a result of the

prior agreement of applicant's predecessor the applicant was barred from registering the mark. Of additional interest here, the opposer already possessed Federal registration of the mark.

In Danskin, Inc. v. Dan River,Inc., 498 F.2d 1386 (CCPA 1974), the issue centered around a 1954 agreement which specifically provided that in order to avoid confusion with respect to a conflicting service mark, the opposer specifically agreed not to oppose an application on the part of the owner of the conflicting mark to cancel the opposer's mark. Despite this agreement, the opposer sought to oppose the application for cancellation of its mark. The Court held the agreement binding, and summary judgment appropriate.

In Beer Nuts, Inc. v. King Nut Co., 477 F. 2d 326 (6th Cir. 1973) cert. den.

414 US 858 (1973) plaintiff was the possessor of a valid duly registered trademark, and commenced a trademark infringement suit against defendant in a prior litigation. At the conclusion of that case a stipulation was entered into wherein defendant specifically recognized that plaintiff was the owner of the mark, and that defendant would refrain from using the mark. A subsequent action was commenced by plaintiff by reason of defendant's violation of the stipulation in the prior action.

In Spencer v. VDO Instruments, Ltd., 232 F. Supp. 735, 739 (ED Mich. 1964) aff'd. 352 F.2d 784 (6th Cir. 1965) an exclusive sales agreement between the parties was deemed not to authorize the exclusive seller from registering a service mark which had already been registered and used by the foreign manufacturer.

In each of these cases the agreements in question specifically contained acknowledgement that one of the contracting parties was the owner of the mark. In addition, each case contained a duly registered Federal service mark or trademark. The case herein contains no acknowledgement on the part of petitioner that respondent owns the mark, nor is there any evidence that respondent owns a duly registered Federal service mark or trademark of the name "FRAUNCES TAVERN" or "FRAUNCES TAVERN RESTAURANT" or "FRAUNCES TAVERN For Restaurant Purposes". Accordingly, the foregoing cases are all inapplicable.

Respondent's argument that State law controls the issue of trademark ownership in actions based upon common law, does not support the decision of the New York Court of Appeals. New York State law, on

the issue of trademark ownership, is totally consistent with Federal law, and accordingly, the Court of Appeals decision not only violated Federal statutory law, but also New York State common law on trademark ownership. The Court is respectfully referred to the Petition herein which discusses the similarity between New York State law and Federal law on trademark ownership. (Pet. 46-50)

Respondent's argument relevant to licensee estoppel is equally misplaced. The authority relied upon by respondent on this issue involves specific license agreements and duly registered marks. The cases cited and the instant case are obviously quite dissimilar. The agreement between the parties herein contains no words, terms or provisions which expressly state that it is a license agreement or that respondent owns a registered mark.

In order to construe this agreement as a license agreement, an inference must be made by the Court out of the express provisions contained within the agreement. Such a determination would be the resolution of a question of fact which the Court of Appeals, by its constitutional mandate, has no jurisdiction to make. See New York State Constitution, Art. I, §2 (Pet. p.7) In addition, to draw such an inference would be in direct conflict with the express terms of the lease agreement which states that the lease agreement, as written, is complete (R-85). If there is no license agreement, the Court is precluded from determining that the agreement is a license agreement, and licensee estoppel cannot be applied. Furthermore, it is undisputed that respondent is the owner of no registered service mark or trademark. It is therefore axiomatic that one

cannot license a service mark that one does not possess to one who does not recognize the license right in the purported licensor by means of a writing that is silent on the issue.

5. Respondent's arguments contained in Point II of its Brief in Opposition are totally inapt and inapplicable. The constitutionality of New York State's summary judgment statute is not in issue in the present proceeding. Petitioner has never challenged the constitutionality of the statute. What is in issue here is the New York State Court of Appeals misapplication of that statute in conjunction with the disputed facts as contained in the record before it. It is for this reason that this Court should disregard any argument set forth by respondent relevant to the constitutionality of the New York State statute.

Respondent's argument with respect to inaptness and inapplicability of authority,relied upon by petitioner in its main brief on page 50, is totally misleading and is in direct conflict with the law as set forth in the cases cited by petitioner.

Concerning respondent's comments with respect to Board of Regents v. Ross, 408 US 564, 33 L.Ed. 2d 548, 96 S.Ct. 2701 (1972), and Perry v. Sinderman, 408 US 593, 33 L.Ed. 2d 570, 92 S.Ct. 2694 (1972) -- respondent conveniently ignores this Court's statement in Ross at 408 US 564, 577, 33 L. Ed. 2d 548, 560, wherein it stated:

> "Property interests, of course, are not created by the Constitution. Rather, they are created and their dimensions are defined by existing rules or understanding that stem from an independent source such as State Law."

Petitioner's property rights in the

service mark "FRAUNCES TAVERN For Restaurant Purposes" is not only established by Federal statutory law, but also by the New York State common law. The ownership of a trademark or service mark cannot be acquired by a party absent that party's usage of the mark in conjunction with the service. The record herein clearly demonstrates that petitioner and petitioner's predecessor have used the service mark in issue continually since 1937 in conjunction with their operation of a restaurant and that respondent has not! The prerequisite of trademark, service mark ownership has clearly been met by the petitioner. Petitioner's assertion in the proceedings below that it is the owner of the service mark "FRAUNCES TAVERN For Restaurant Purposes" is not a whim, caprice, or fanciful desire, but rather it is an established property right developed

under both Federal and State law on this issue.

The decision of the New York State Court of Appeals is clearly,at the very least, a "palpable invasion" of petitioner's property right in its service mark "FRAUNCES TAVERN For Restaurant Purposes". Petitioner has established its ownership of the service mark in accordance with both Federal statutory law and the New York State common law. The decision of the Court of Appeals has, without due process of law, by its incorrect appliction of the New York State Summary Judgement Statute, deprived petitioner of its property right and the service mark, "FRAUNCES TAVERN For Restaurant Purposes". Certiorari should be granted by this Court so that this grave injustice can be corrected.

Respectfully submitted,

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